# Module-I: Introduction to Human Resource Management

**Fundamentals of Human Resource Management** 1

## Structure

### Unit-1.1: Introduction to Human Resource Management (HRM)

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    2. Functions of Human Resource Management
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# Unit-1.1: Introduction to Human Resource Management (HRM)

## Objectives

### At the end of this unit, you will be able to comprehend:

* Definition, Concept, Features and Objectives of Human Resource Management
* Functions, Scope and Development of Human Resource Management
* Significance of Human Resource Management

## Introduction

Human Resource Management (HRM) is a new way of managing people in a workplace to work in an efficient manner. Promoters (People who promote/advocate the concept) of HRM have furnished new role to showcase in both the private as well as public sectors. In the private sector, if the employer fails to direct/control its employees effectively and efficiently to compete successfully in the market-place, then eventually the business will strive to survive in the market. The duration of the company depends on the competition it is going through, if the competition is weak it may survive longer, but if, the competition is strong it may become bankrupt, whatever is the case maybe, the company is tend to fail if the management of the employees is not done in an effective manner. The public sector, on the other hand, has an interest in effective management of employee’s standards and focuses on the quality of public– sector services which are basically focused on increasing employee’s motivation, enhancement of skills and are mainly service orientation. To sum up -HRM, is all about effective management and relationship between employer and employees which is not limited to just one level, rather it is available in all the levels of the organisations, it maybe unpaid or voluntary work.

## Definition, Concept and Features of HRM

Pigors and Myers quoted- “It is basically a method of developing potentialities of employees so that they feel maximum satisfaction of their work and give their best efforts to the organisation.”

HRM is the personnel function which is basically focused with procurement, development, compensation, integration and maintenance of the employees of an organisation for the purpose of contributing towards the combined accomplishments of the organisation’s objectives and employees’ individual goals.

Edward B. Philippo-“Personnel management is the planning, organising, directing, and controlling of the performance of those operative functions.”

In short Human Resource Management (HRM) can be defined as the art of procuring, developing and maintaining competent workforce to achieve the goals of an organisation keeping in view employees’ interest in an effective and efficient manner.

Such essential aspects of Human Resource Management are as follows: -

### It is an inherent part of Management

One of HRM’s most vital highlights is that it is an unalienable portion of the broader administration function. It is not limited to the supervisors of the labor force, but also to the majority of the company. This is also because each chief should compromise in one way or another with individuals. Management of human assets thus becomes a responsibility and duty for each manager. For example, managers or administrators within the generation division were able to negotiate with specialists in manufacturing plants or their subordinates. In addition, with their subordinate staff, managers inside the fund and lawful offices discuss. Because each supervisor affects the work of his/her subordinate either directly or by implication, administration of human properties is an all-pervasive function.

### It is people-centered

The entire range of human asset management revolves around people. In an organization, directors at all levels can work with or manage people in one way or the other. Individuals are the most significant subject of human asset management, to be more precise. Usually genuine in any event that takes into account the level of administration or job profiles of employees. Everyone has to have fun with people in their day-to-day lives, either blue-collared members or white collared directors, and HR has to be implemented in the long run. The diverse nature of the abilities of each individual makes it more difficult indeed.

### It is a pervasive function of management

Human asset management could be an inescapable job that is illustrated in each administration angle all managers need to apply the HRM principles in every case of their hierarchical role. This is because administrators at all levels have to deal with people in different capacities. Directors should collaborate with individuals and supervise them effectively, whether it is the top-level administration or the foot level.

### It is a continuous function

The phase of human asset management is nonstop and is an on-going planning. If an entity is to work easily and productively, it must effectively and viably manage its members at that level. This should not be a ‘one-shot’ wander, instep, as the term ‘boss’ himself says to oversee, it must be a constant and enduring planning.

### It deals with personnel activities

The administration of human assets consists of numerous critical exercises that monitor personnel. For starters, it deals with recruiting, enlisting, planning, assessing, compensating, etc. In order to see these capabilities, most organizations have formed HR divisions and supervisors.

### It is based on human relations

One of HRM’s most important highlights is that it governs human relationships. Directors do not deal mechanically with human beings as though they are physical assets, as individuals have attached thoughts and emotions. Every person has

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distinctive values, preferences, observations, and drawbacks. It is therefore the duty of a director to associate with each worker on a deeper individual level, maintaining his/ her individual space in the intellect.

## Functions of Human Resource Management

Human Resources management plays an important role in accoutering organisations in order to fulfil the requirements for surviving in an expanded competitive sector. Increasing staff members, diversified contracts and recurring changes in demographic profile of the members compels HR managers to reconstruct the role and importance of human resources management. The functions are currently responsive for staffing needs, but can also be proactive in restructuring organisational goals and objectives. All the functions of HRM are interrelated with its core objectives. To consider an example personal objective of HRM is desired to be realized with remuneration, assessment etc.

All HRM functions are interrelated with the destinations of its center. It is necessary to understand a case-individual target of HRM with reward, assessment, etc. to consider a case. HRM can be seen as seven interlinked capacities that are central within an organization. In addition, external strengths are categorized as:

* + - 1. Legal
      2. Economic
      3. Technological
      4. Global
      5. Environmental
      6. Cultural/geographical
      7. Political
      8. Social

These functions can be categorized as:

### Strategic HR Management

Strategic planning for effectiveness of Human Resources can be increased by HR metrics and HR technology through which organisational competitiveness can be maintained. To attain the set goals of an organisation PR function helps in determining the number and nature of employees required helps in creating venture teams with a balanced mix of skills, recruiting right set of people and spontaneous team assignments. This work makes a difference in the analysis and determination of staff needs in arranging for creative and viable groups to be created. The most critical HRP strategy is to employ and establish members.

### Equal Employment Opportunity

Compliance with Equal Employment Opportunity (EEO) and legislation includes all other HR operations.

### Staffing

To fill the jobs in organisations and provide a sufficient supply of qualified individuals staffing plays a major role. The main functions which are categorized under staffing are basically Job analysis, recruitment and selection. By identifying what different people do in their jobs and how are they affected by it the foundation of staffing is laid down which helps in designing and analyzing the job for the workers.

The process of describing the nature of the job and specifying what all skills (Knowledge, expertise, core skills) are required to perform that job is known as Job analysis. Aftermath of job analysis is job description. The work duties and what activities are required by the employees to perform that job come under the concept of Job description.

Via HR preparation, managers foresee the number of workers needed in the future, the essence of their employee challenges and the retention strategy. Therefore, the HRP falls before the employee selection process. Such variables are used when selecting candidates to fill open vacancies in an organization. When eligible individuals are chosen to fill empty positions, it is called the selection process.

In the selection process, the most talented individuals are preferred over those who are not fit for the job. This is achieved by matching the most qualified candidate with the job requirement needed.

### Talent Management and Development

With the beginning of orientation of newly hired employees, talent management and development encompass different types of training. The first and foremost step is Orientation through which the newly hired employee is introduced to the job and the organisation’s policies which helps the employee to adjust with the new organisation. Through this method employees are acquainted to the new and particular aspects of their job which includes pay structure and other benefit programs such as working hours, company rules and regulations and what does the company expect from the employees.

Staff is made capable of performing their jobs at par and even more than that with the aid of different training and development programs. All organizations provide training for new people and others who are not adequately effective or experienced to do the work. In addition, the company conducts employee training services both on and off the job for workers who are experiencing cross-training or various job changes. Similarly, it is important for workers and managers to prepare for the unexpected challenges of future HR growth and succession planning. The growth of career planning has since taken into account the need of many workers to succeed and prosper in their careers. Career preparation practices include determining the capacity of an employee for the organization’s growth.

Performance assessment includes the encouragement of risk-taking, the need for creativity, the generation or implementation of new tasks, peer review, regular reviews and the auditing of creative processes. This feature scans the output of workers, which helps ensure that it is appropriate at all levels. With the aid of this approach, person and team performance is measured to create a correlation between individual creativity and

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business profitability. What duties should be evaluated and who should be considered to determine the efficiency of employees?

### Total Rewards

For performing organisational work, employees are compensated with monetary and non-monetary benefits. The method through which it is determined as to how much each employee should be paid for performing a certain set of jobs is known as Compensation management. Staffing is affected by the level of pay employees are offered for performing a certain job in different organisations. Along with basic pay, employers use certain attractive variable pay schemes such as incentives, rewards, bonus etc. to be more competitive in the market. This function uses such benefits basically termed as rewards to motivate their personnel staff to achieve organisation’s goals of productivity, innovation and profitability. Compensation is also related to employee development in which it provides a significant incentive in motivating employees to perform efficiently and effectively in order to get higher paying jobs in the near future in the organisation.

Benefits are another type of non-monetary compensation that workers receive other than directs wages for the work they have completed. Benefits which include both legally necessary goods and those which are provided at the discretion of the employer. Benefits are essentially and mainly connected to the area of employee maintenance where many basic employee needs are addressed.

### Risk Management and Worker Protection

Various workplace risks are addresses by HRM which ensures protection of workers by meeting their legal requirements and being more responsive to concerns which relates to workplace health and safety along with disaster and recovery planning.

### Employee and Labor Relations

The relationship between employers and their employees must be handled legally and in an effective manner. Employer and employee rights must be addressed properly to eradicate any confusion. It is very important to develop, communicate, and update the existing HR policies and procedures so that managers and employees know what is expected from them. In some organisations, where a union is established the union and management relations must be communicated/addressed as well. The term labor relation refers to the communication/interaction with employees who are represented by a trade union. Unions are basically a group of employees who come together to obtain more voice in decisions which affect wages, benefits, working conditions and other aspects which are necessary for employment. The major function of HR personnel in this regard is to negotiate with the unions with respect to wages, service conditions and resolving disputes and grievances.

* + 1. **Objectives and Scope of Human Resource Management**

### Objectives of HRM

The basic goal of HRM is to maximize employees’ contributions towards achieving optimum utilization of resources in an effective and efficient manner, while

simultaneously fulfilling individual objectives (growth in the organisation and obtaining recognition), and obtaining societal objectives (such as legal compliance and demonstrating social responsibility).

Not only organisational objectives but also the individual and societal objectives influence the human resource management. The objectives of HRM are drawn from and to contribute to the accomplishment of the organisational objectives.

P. Subbarao, in his “Essentials of Human Resource Management and Industrial Relations,” has drawn light on HRM objectives. Some are as follows:

1. To maintain a sound working environment and desirable working relationships amongst all the members of the organisation;
2. To merge organisational goals with individual and group goals;
3. While achieving the organisational goals an effective utilization of human resources is necessary;
4. Help in identifying and achieving individual and group needs of all the members of the organisation;
5. Achieve high morale rate of employees a sound relation amongst them;
6. To help achieving in providing and grabbing opportunity to express visibility among the management;
7. To ensure that the leadership is not biased;
8. To provide a sound environment favorable for effective working.

The scope of human resource management is very broad but can be roughly classified into three:

1. HRM in Personnel Aspect
2. HRM in Employee Welfare Aspect
3. HRM in Industrial Relation Aspect

### HRM in Personnel Aspect

This is related with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, remuneration, incentives, productivity and so on. The goal of HRM is also to ensure each employee’s individual development, which ultimately leads to the combined growth of the entire organization.

### HRM in Employee Welfare Aspect

It deals with working conditions and amenities such as canteens, rest and lunch rooms, crèches, housing, transport, medical aid, education, health and safety, recreation facilities and much more. The working conditions and the services offered at the workplace are also involved in this component of HRM. By taking this phenomenon into account, the organizations’ climate has made it worth working to eradicate occupational risks, provide job protection, medical and health services, etc.

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### HRM in Industrial Relation Aspect

This deals with union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes and many more aspects. The primary goal of this aspect is to preserve the organization’s peace and harmony. It needs efficient contact with labour or employee unions that discuss their complaints sensitively and resolve their disputes.

* + 1. **Significance of Human Resource Management**

After Yodder, Hemerman and others developed three perspectives, i.e., the importance of human resource management can be addressed via the main standpoints viz. Social, technical and individual enterprise.

### Social Significance

Proper management of personnel increases their dignity by satisfying social needs.

This increases their integrity. This has been achieved by:

* 1. Maintaining a proper balance between the jobs available and the people looking

for the jobs as per the job analysis and qualifications of the job seekers;

* 1. Providing sufficient and sustainable job opportunities that bring psychological fulfillment to them;
  2. Utilizing the resources to its maximum and giving the worker a fair wage in proportion to the contribution he makes;
  3. Removal of waste or excessive use of human resources;
  4. Helping people make their own choices that are of interest to them.

### Professional Significance

Team work amongst employees is promoted by providing healthy working environment. This is done by:

* 1. Preserving the dignity of workers as human beings;
  2. Providing ample possibilities for personal development;
  3. Providing a positive partnership between the various working groups in such a way that work is carried out effectively;
  4. By improving the work ability and capability of employees;
  5. Correction of incorrect posting errors and proper reallocation of jobs.

### Significance for Individual Enterprise

It will assist the company in achieving its objectives by: -

* 1. Establishingthe right attitude towards work among employees through effective motivation;
  2. Using the available resources effectively;
  3. Securing-operation of workers to achieve the company’s goals, meeting their own social and other psychological appreciation needs as of love, affection, belonging, respect and self-actualization needs.

In today’s background, HRM is more important due to the following requirements:

1. **Change Management**:Today, concepts such as Learning Organization, Organizational Change Management, Change Agents and the likes are gradually being met. Now it is a universal reality that any company can thrive only if it is proactive to changes in the world in today’s socio-economic environment. The advances in information technology are based on transforming the way companies think.
2. **Competence**: Give a man a job that he excels at and he wouldn’t have to work at all, it is often said. In the corporate sense, it might not be possible to delegate tasks to people they excel at, but through well-designed training programs we can develop people’s skill for particular tasks. The needs of the individual are also important to take care of.

Training thematic activities that are similar to their inherent liking is far simpler. However, it is noted that many managers do not understand the value of this aspect and would choose sub-optimal results for an employee rather than spare him for training and retraining because in the latter case, during the tenure of that manager, the employees would not be available for work. What is not accepted is that an employee will either shirk from the tasks assigned or do a lousy job without the requisite competence. Such an employee will attempt recognition by lethal means after a while because he is unable to make a mark as a successful performer.

1. **Commitment:** The degree to which workers are committed to their job and organization has a direct effect on the success of an organization. In a variety of ways, engagement levels may be measured. Methods such as informal interviews and questionnaires, absenteeism figures, measured by separations, can be used. Transparency in the operation of organizations, the attitude of employees towards different HRM policies, communication networks, and role models played by supervisors strongly influence employee engagement.
2. **Congruence of objectives**: Even highly skilled and committed workers may follow goals that vary from the organizational goals. Therefore, it is important that all new workers are properly socialized in the current group and are well aware of the corporate values, work ethics, customs and traditions of the organization. In the process, it is an important element for them to understand what the organization stands for and what it wants to accomplish (vision), what is expected from each person, so that he/she can find reasons and significance for their organizational life.
3. **Motivation:** The motivation of the worker to work and also the ability to continually enhance his efficiency is another component of human behavior. There are various motivational schools of thinking, but ultimately, everyone accepts that work is not necessarily gross. People, especially those they have in the environment, want to contribute to concrete goals. Many individuals will exercise much more imagination, self-direction and self-control than their current demand for work. However, an environment must be established in which all participants may participate to the limits of their capacity. Subordinates should be encouraged to engage in the

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decision-making process, constantly expanding their self-direction and self-control, as this will not only lead to direct improvement in organizational performance, but also ensure greater responsibility for their grooming.

## Various Processes in HRM

The following are the various HR processes:

* Human Resource Planning i.e. Recruitment, Selecting, Hiring, Training, Induction, Orientation, Evaluation, Promotion and Layoff
* Employee Remuneration and Benefits Administration
* Performance Management
* Employee Relations

The efficient designing of those processes except for other things depends upon the degree of correspondence of each of those. This suggests that every process is subservient to other. You begin from Human resource Planning and there’s a continuous value addition at each step. To exemplify, the PMS (performance Management System) of a corporation like Infosys would different from a corporation like Walmart. Let’s study each process separately.

### Human Resource Planning

Generally, we consider Human Resource Planning because the process of individuals forecasting. Right but incomplete! It also involves the processes of Evaluation, Promotion and Layoff.

* + Recruitment: It aims at attracting applicants that match the particular Job criteria.
  + Selection:Subsequent level of filtration aims at short listing candidates who are the closest match in terms qualifications, expertise and potential for a particular job.
  + Hiring: Deciding upon the ultimate candidate who gets the work.
  + Training and Development: The processes that employment on an employee onboard for his skills and skills upgradation.

### Employee Remuneration and Benefits Administration

The method involves deciding upon salaries and wages, Incentives, Fringe Benefits and Perquisites etc. Money is that the prime motivator in any job and thus the importance of this process. Performing employees seek raises, better salaries and bonuses.

### Performance Management

It is meant to assist the organization train, motivate and reward workers. It also is to make sure that the organizational goals are met efficiently. The method not only includes the workers but also can be for a department, product,service or customer process and all towards enhancing or adding value to them.

Nowadays there’s an automatic performance management system (PMS) that carries all the knowledge to assist managers evaluate the performance of the workers and assess them accordingly on their training and development needs.

### Employee Relations

Employee retention may be a nuisance with organizations especially in industries that are hugely competitive in nature. Though there are myriad factors that motivate an individual to stay to or leave a corporation, but certainly few are under our control.

Employee relations include Labour Law and Relations, Working Environment, Employee health and safety, Employee- Employee conflict management, Employee- Employee Conflict Management, Quality of labor Life, Workers Compensation, Employee Wellness and assistance programs, Counseling for occupational stress. Of these are critical to employee retention aside from the cash which is merely a hygiene factor.

All processes are integral to the survival and success of HR strategies and no single process can add isolation; there has got to be a high level of conformity and cohesiveness between equivalents.

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### Check your Understanding

1. HRM in

is concerned with the working conditions and the

amenities provided at the workplace.

1. Proper management of personnel, social needs.

their dignity by satisfying

1. HR polices are formulated not in vacuum but to take into consideration various

factors on which the organization doesn’t have control.

1. It is essential that all newly hired to the organization are properly into the existing community and are made well aware to the organizational values, work ethics, customs and traditions.

### Summary

In recent years, a variety of HRD techniques have been developed to carry out those concepts advocated by the challenge above. This unit offers an understanding of the concept of the HRD system, the associated mechanisms and the changing boundaries of the HRD system. HRM can be seen as seven interlinked capacities that are fundamental within an organization. Performance assessment includes the encouragement of risk-taking, the need for creativity, the generation or implementation of new tasks, peer review, regular reviews and the auditing of creative processes.

By providing a safe working atmosphere, team work among employees is encouraged. The degree to which the staff isdedicated to their job and organization has a significant impact on the performance of an organization. The effects of intentional and deliberate formulation are the majority of HR policies. Since a policy can be a reasonably stable strategy, it should be formulated after taking into account different variables that have an effect on the policy’s workability. In light of the given situation, HR policies are formulated. The situational variables, however, are not static, but they are vibrant and change with time.

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### Activity

1. Study the various parameters of employee and labor relationship.

### Questions and Answers

1. What are the various processes of HRM? Elucidate.
2. Discuss the significance of Human Resource Management.
3. Mention the details of Equal Employment Opportunity.

### Glossary

* **Arbitration**: the process of solving an argument between people by helping them to agree to an acceptable solution
* **Amenity:** something, such as a swimming pool or shopping Centre, that is intended to make life more pleasant or comfortable for the people in a town, hotel, or other place
* **Picketing:** an activity in which a worker or group of workers protest outside a building to prevent other workers from going inside
* **Exacerbate:** to make something that is already bad even worse

### Answers to Check your Understanding

* 1. Employee Welfare
  2. Increases
  3. External
  4. Socialized

# Unit-1.2: Evolution (Personnel Management vs. HRM)

## Objectives

### At the end of this unit, you will understand:

* Evolution of the concept of HRM
* Personnel Management Vs. HRM

## Evolution of the concept of HRM

During the industrial revolution of the 1850s in Western Europe and the USA, the seeds of HRM were sown. The wind gradually reached India in the early 20th century. Since then, HRM growth can be categorized as follows:

### Trade Union Movement Era

The working conditions of workers in the after-effects of the factory system were very pitiful as a result of the industrial revolution. Their conditions were further compounded by the First World War. This was the time when state interference was felt necessary to protect the rights of the worker.

Under the chairmanship of J H, the Royal Commission of Labor in India (1911), Whitley proposed the abolition of the ‘jobber’ system and the recruitment of labor officers in industrial enterprises to hire and address the grievances of the worker. Workers also began building/setting up their alliances, which were later referred to as ‘trade unions’ to strengthen their conditions. At that time, the 1926 Trade Union Act was passed in India.

The underlying philosophy underlining trade unionism was to defend the interest of the worker and to figure out their problems, such as the use of child labor, long working hours and improper working conditions. In order to recognize their raised grievances, these unions used tactics such as strikes, slowdowns, walkouts, picketing, boycotts, and sabotage as weapons.

These labor union actions have culminated in employee procedures such as collective bargaining, grievance handling, arbitration, administrative practices, employee benefit packages, fair and defensible pay systems.

### Social Responsibility Era

Some factory owners/employers began exhibiting a humanistic approach to their workers within the first decade of the 20th century. Robert Owen, a British employee industrialist, noted that the leading social and economic climate influences workers ‘physical, mental and psychological growth. Therefore, in order to increase productivity, the working conditions of workers need to be changed by eliminating them from the adverse environment or by improving the environment by providing more satisfactory living and working conditions.

### Scientific Management Era

Fredrick Winslow Taylor ‘introduced the idea of scientific management in the early 20th century in the USA, which served as an alternative to the management system by introducing effort and motivation to the new dominant system.

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Four fundamental principles of scientific management were developed by Taylor:

* + - 1. Development and use of scientific methods in the development of working practices, the determination of a decent working day and the best way to do work
      2. Scientific selection and placement of staff ideally suited to the different tasks

and the provision of optimum productivity training and growth

* + - 1. Clean cut separation of work and accountability between management and its employees
      2. Balanced relationships and close collaboration between employees to ensure work success in accordance with the scheduled jobs and tasks

Taylor regarded man/worker as the one motivated by fear of hunger and in pursuit of profit in his scientific theory. Instead, if economic compensation is related to the efforts placed on the job, the employee would respond with their full working capacity. The study of Taylor is restricted to the physical features of the human body as it reacts to the routine of work and to specifically defined occupations.

He envisaged the functioning of man as an “appendage to the industrial machine.” Realizing that the human body can get exhausted with more physical efforts and therefore can affect the efficiency of the worker both in terms of quantity and quality, Taylor developed many methods to incorporate his scientific theories into management.

The essential techniques developed by him are the following:

1. Time research to evaluate and calculate the time needed to perform the different elements of a job and to standardize a job’s operations
2. Motion research involving close observation of the movements needed to remove extra or wasteful motions while performing a job and to determine the best way to do that job
3. Standardization of instruments, supplies, machinery and acceptable working conditions
4. Incentive pay package with a proportional wage rate structure for productive

and inefficient workers

Taylor’s greatest contribution to management was that it contributed to management and human engineering being professionalized. Some criticize his views, however, on the ground that its primary emphasis was more on technology than on the human element in industry.

### Human Relations Era

By 1920, an earlier approach to human resource management was felt to be inadequate because it did not consider employees as human beings with emotions, behaviors and needs. Between 1925 and 1935, several experts shared their views on the human elements of organizational activities.

In his book Psychology and Industrial Performance, a psychologist named Hugo Munsterberg advocated the use of psychology in the selection, placement, testing and training of workers in a company. Elton Mayo and his colleagues performed a series of

experiments at the Western Electric company’s Hawthorne plant in the USA from 1924 to 1932.

The Hawthorne Experiments’ main results were:

1. There is no materialistic influence on the productivity of workers in the physical

world at work.

1. More significant factors influencing productivity were the favorable attitudes of

employees and their teams towards their jobs.

1. The fulfillment of the social and psychological needs of employees had a

positive effect on the productivity and effectiveness of workers.

1. Employee groups focused on social experiences and shared interests have had

a significant impact on the performance of employees

1. Jobs may not be driven by economic incentives alone, but also by non-monetary rewards such as motivators such as job security, respect, the right to express their opinions and related issues.

The researchers developed a human relations approach to HRM based on such results. It was founded on the view that the modern organization is a social structure in which the working organization of workers is regulated by the social environment and interpersonal relations.

The correlation between supervisors and subordinates should be related to the employees’ social and psychological satisfaction. The ultimate aim of the human relations strategy was to make employees productive and it was understood that the happiness of employees is the best way to make employees productive.

### Behavioral Science Era

We have just shown that the age of human relations presumes that, relative to a worker who is not so happy or neutral, a happy worker is a more productive worker. As this suggests, the age of behavioral science believes that human behavior is a way of achieving performance quality. The behavioral approach to HRM is based on the results of intensive studies performed by behavioral scientists from the various fields of sociology, social science, anthropology and management.

In the areas of motivation, leadership, communication, organizational change and growth, organizational culture, and person and group dynamics, the key contributions made by the behavioral researchers were. Systems Method Age was HRM’s behavioral science approach on the whole.

It is possible to describe a system as a collection of interdependent parts forming an ordered unit or entity. The structure is defined as “an organized and complex whole: an assemblage or combination of things or parts forming a complex unitary whole.” The components, also referred to as sub-systems, communicate with each other and are subject to change. Such subsystems are interconnected and interdependent with one another.

The following three sub-systems are normally comprised of any functioning organization:

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1. Technical Sub-system, i.e., structured relations between an organization’s members.
2. Social Sub-system, i.e., by informal community relations, social satisfaction for the participants.
3. Power Sub-system, i.e., the exercise of person or group power or control.

### Contingency Approach Era

Contingency refers to the urgency of dying conditions. The approach to contingency assumes that there is no such system of management that works best in all circumstances. The best way to treat, according to this strategy, varies with the type of situation. This technique is also known as ‘situational strategy’.

In all cases, there should not be a single universal way of management. In one case, a specific strategy may be successful but may fail dramatically in another. Therefore, evaluating various scenarios and then using the best solution that works best with that particular situation is important for managers. An example of the recurrent problem of how to improve productivity can be better understood.

* + 1. **Personnel Management vs. HRM**

The biggest difference in their scope and orientation lies between Personnel Management and Human Resource Management. Although the reach of staff management is limited and has an inverted approach, employees are treated as an instrument. Here, the worker’s actions can be manipulated according to the organization’s core competencies and replaced when they are worn out.

Human resource management, on the other hand, has broader reach and views personnel as the organization’s asset. In terms of priorities, obligation, compensation, etc., it encourages mutuality that will help to boost economic performance and the high level of growth of human capital.

When Human Resource Management (HRM) was not widespread in the early centuries, the workers’ staffing and payroll were taken care of by the Personnel Management (PM). It is commonly referred to as Conventional Staff Management. Human Resource Management has arisen as an extension of the conventional management of staff. We will also shed light on the significance and discrepancies between Personnel Management and Human Resource Management in this article.

**Comparison Chart**

|  |  |  |
| --- | --- | --- |
| **Basis For Comparison** | **Personnel Management** | **Human Resource Management** |
| Meaning | The aspect of management that is concerned with the work force and their relationship with the entity is known as Personnel Management. | The branch of management that focuses on the most effective use of the manpower of an entity, to achieve the organizational goals is known as Human Resource Management. |
| Approach | Traditional | Modern |

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| --- | --- | --- |
| Treatment of manpower | Machines or Tools | Asset |
| Type of function | Routine function | Strategic function |
| Basis of Pay | Job Evaluation | Performance Evaluation |
| Management Role | Transactional | Transformational |
| Communication | Indirect | Direct |
| Labor Management | Collective Bargaining Contracts | Individual Contracts |
| Initiatives | Piecemeal | Integrated |
| Management Actions | Procedure | Business needs |
| Decision Making | Slow | Fast |
| Job Design | Division of Labor | Groups/Teams |
| Focus | Primarily on mundane activities like employee hiring, remunerating, training, and harmony. | Tre a t man po w er o f th e organization as valued assets, to be valued, used and preserved. |

### Definition of Personnel Management

Personnel Management is a part of management that deals with the training, recruitment, development, and compensation of the employees and their connection with the business in order to accomplish the organizational goals. The main staff management roles are divided into two categories:

Operative Functions: The activities related to procurement, development, compensation, job assessment, welfare of employees, utilization, maintenance and collective bargaining.

Managerial Function: The fundamental management tasks carried out by Personnel Management are planning, coordinating, directing, encouragement, control, and coordination.

As the advancement of technology has taken place over the past two decades, humans have been replaced by computers. Likewise, Human Resource Management has now replaced this division of management.

### Definition of Human Resource Management

Human Resource Management is a specialized and structured management division that addresses the procurement, care, development, use and organization of people at work in such a way that they give the business their best. It refers to the systematic role of preparing to meet these criteria for the needs and demands of human resources, selection, training, compensation, and performance evaluation.

Management of human resources is an ongoing method of ensuring the availability of qualified and willing employees, i.e. placing the right person at the right job. In a nutshell, it is the art of using an organization’s human capital in the most productive and successful way. HRM encompasses a wide range of operations, including:

**Notes**

* Employment
* Recruitment and Selection
* Training and Development
* Employee Services
* Salary and Wages
* Industrial Relations
* Health and safety
* Education
* Working conditions
* Appraisal and Assessment

Main distinctions between the management of personnel and human resource management

The main differences between personnel management and human resource management are as follows:

* The part of management that deals with the employees is known as Personnel Management within the business. The management group, which focuses on the best possible use of the company’s employees, is known as Human Resource Management.
* Personnel Management considers staff as instruments or devices, while Human Resource Management treats them as a major organizational asset.
* The advanced version of Staff Management is Human Resource Management.
* Decision making in Personnel Management is slow, but in Human Resource Management it is comparatively fast.
* There is a fractional distribution of programs in Staff Management. In Human Resource Management, however, there is an organized distribution of programs.
* The foundation of job design in Personnel Management is the division of work, while in the case of Human Resource Management, workers are divided into groups or teams to perform some role.
* The PM talks are focused on collective bargaining with the leader of the union. Conversely, in HRM, when individual contracts exist for each employee, there is no need for collective bargaining.
* The pay at PM is dependent on work assessment. Unlike HRM, where performance appraisal is the basis of pay.
* Personnel management focuses mainly on ordinary tasks such as recruiting of workers, remuneration, preparation, and harmony. Human resource management, on the other hand, focuses on managing workers as valued assets to be valued, used and maintained.

### Check your Understanding

1. The ultimate aim of the was to make employees

productive and it was understood that the happiness of employees is the best way to make employees productive.

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1. is a part of management that deals with the

training, recruitment, development, and compensation of the employees and their connection with the business in order to accomplish the organizational goals

1. Human Resource Management is a specialized and structured management division that addresses the procurement, care, development, use and organization of people at work in such a way that they give the business their best. True / False
2. As this suggests, the era of behavior is a way of achieving performance quality.
3. This technique is also known as ‘situational strategy’.
   1. Contingency Approach Era
   2. Human Relations Era
   3. Social Responsibility Era
   4. Behavioral Science Era

### Summary

believes that human

Evolution of the concept of HRM

* Trade Union Movement Era
  + The working conditions of workers in the after-effects of the factory system were very pitiful as a result of the industrial revolution.
  + The underlying philosophy underlining trade unionism was to defend the interest of the worker and to figure out their problems, such as the use of child labor, long working hours and improper working conditions. In order to recognize their raised grievances, these unions used tactics such as strikes, slowdowns, walkouts, picketing, boycotts, and sabotage as weapons.
* Social Responsibility Era
  + Some factory owners/employers began exhibiting a humanistic approach to their workers within the first decade of the 20th century.
  + Robert Owen, a British employee industrialist, noted that the leading social and economic climate influences workers ‘physical, mental and psychological growth.
* Scientific Management Era
  + Fredrick Winslow Taylor ‘introduced the idea of scientific management in the early 20th century in the USA, which served as an alternative to the management system by introducing effort and motivation to the new dominant system.
* Human Relations Era
  + Between 1925 and 1935, several experts shared their views on the human elements of organizational activities.
  + Elton Mayo and his colleagues performed a series of experiments at the

**Notes**

Western Electric company’s Hawthorne plant in the USA from 1924 to 1932.

* + The ultimate aim of the human relations strategy was to make employees productive and it was understood that the happiness of employees is the best way to make employees productive.
* Behavioral Science Era
  + The behavioral approach to HRM is based on the results of intensive studies performed by behavioral scientists from the various fields of sociology, social science, anthropology and management.
  + As this suggests, the age of behavioral science believes that human behavior is a way of achieving performance quality.
* Contingency Approach Era
  + The approach to contingency assumes that there is no such system of management that works best in all circumstances. The best way to treat, according to this strategy, varies with the type of situation.
  + This technique is also known as ‘situational strategy’.

### Personnel Management Vs HRM

* The biggest difference in their scope and orientation lies between Personnel Management and Human Resource Management.
* Personnel Management is a part of management that deals with the training, recruitment, development, and compensation of the employees and their connection with the business in order to accomplish the organizational goals. The main staff management roles are divided into two categories:
* Human Resource Management is a specialized and structured management division that addresses the procurement, care, development, use and organization of people at work in such a way that they give the business their best. It refers to the systematic role of preparing to meet these criteria for the needs and demands of human resources, selection, training, compensation, and performance evaluation.

### Activity

1. Elaborate on the evolution of HRM. Include all the movements and pertinent information regarding each movement (significance of each movement, dates, founders, etc.)

### Glossary

* **Arbitration**: a procedure in which a dispute is submitted
* **Envisaged**: contemplate or conceive of as a possibility or a desirable future event
* **Unionism**: the policies and practices of trade unions, particularly those concerned with protecting the furthering the rights of workers

### Questions and Exercises

1. What are the four fundamental principles of scientific management era created by

Fredrick Winslow Taylor?

1. What are the 3 sub-systems that are normally comprised of any functioning organization?
2. What are the main differences between personnel management and human resource management?

### Answers to Check for understanding

* 1. Human Relations Strategy
  2. Personnel Management
  3. True
  4. Behavioral Science 5. (a)

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# Unit-1.3: Essentials of HR Policies

## Objectives

### At the end of this unit, you will understand:

* HR Policy and Procedures
* Need for HR Policies and Procedures in an Organization
* Characteristics of Sound HR Policy
* Types of HR Policies
* Examples of some HR Policies & Procedure in an Organization
* The Foremost Important HR Policies
* Role and Responsibilities of the Human Resource Manager
* Need for HR Manager in an Organization
* Managerial Functions/ Role of HR Manager
* Operative Functions / Role of HR Manager
* Future HR Managers

## HR policy and Procedures

HR policies are the keystone of the management arch and the life-blood for the effective operation of personnel management to strengthen labor relations on a permanent basis. Declarations of intent indicating the general course of action and the purposes of the agreement are done. A constructive statement and an instruction for an organization to translate the objectives into chosen routes and to dictate procedures and processes are prepared.

Definition of HR policy mostly refers to codified documents that launched the company’s stance on issues, like internet use or code, but also can mean a stance communicated verbally. Policies are crucial to effective functioning of the HR department as they assist define the connection between employer and employee. Employees must understand what the company’s position is so there’s a benchmark for behaviour. Without this benchmark, businesses can’t discipline employees or set goals for improvements, and it becomes much harder to enhance company processes and values.

HR should have policies and procedures for as many various eventualities as possible because if a situation arises that isn’t referenced then there’s no precedent or starting ground for a way to affect it.A human resource policy manual is the organizational backbone that guides the behavior and expectations of employees and management. It’s natural that the workers will push the bounds on matters like code, absences, interpersonal interaction, and achievement goals. HR policies provide a summary of how the organization functions and more importantly, how employees must contribute to the well-being of this effort. It’s almost impossible to make a policy for each detail of a piece environment. Instead, consider the critical categories which will provide general workplace guidelines. Interpretation and adaptability must be a given. The top

goal is that the corporate functions during a consistent manner and is shielded from situations that would be litigious or unsafe. General categories to be addressed include hiring practices, on boarding, employee conduct, workplace safety and compensation as well as performance evaluations. Each organization is exclusive, so create HR policies that best fit the requirements and functions that are most relevant to your workforce. Additionally to publishing policies on the organizational website, make sure that every employee submits a form that indicates that they need a replica. This may protect the organization and help the worker have a transparent understanding of the expectations within the workplace.

## Objectives of HR Policies

* The organizational object is met.
* Educating the workers about the policies.
* Creation of a true sense of responsibility within the organization.
* Have appropriate and skilled workers at the lowest levels.
* Security of both parties’ mutual interests.
* Formation of mutual trust and avoidance of uncertainty.
* Development prospects that is eager to find out and prepare.
* Appreciation of labour and successes by the offering of incentives.

As Peter Drucker states:“The management must gear its policies and objectives in such a fashion that the workers perform their work. It implies a consideration of person as a resource having psychological properties, abilities and limitations requiring same amount of engineering attention as the other resource. And it’s the management alone which will satisfy the wants of motivation, participation, satisfaction, leadership.”

## Need for HR Policies and Procedures in an Organization

HR Policies are needed for achieving the organizational goals, uniformity in decisions, delegate power, better control and a few more.

### To Achieve the Objectives of the Organization:

Policies guide the workers to take steps to meet the organization’s goals. Therefore, in order to focus attention on the targets, they need to be recognized and well understood by all.

### To Bring Uniformity in Decisions:

The general norm on which decisions are made is given by HR policies. In an organization that keeps HR policies in sight, different line authorities take decisions. Thus, in similar situations, uniformity of action is maintained.

If the individual in authority is moved and a few people are in control of the office, the decisions to be made by the new authority are just like those already taken by previous authorities in comparable situations, due to the organization’s predetermined policies. In fact, this brings simplicity and uniformity.

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### To Delegate Authority:

HR regulations make it possible to delegate power, which means assigning the job to others and granting them the authority to try and do it. HR strategies assist executives at different levels of decision-making centers to behave confidently without ever consulting supervisors. HR policies give a manager the freedom to decide on the alternatives given and to decide on the action.

### To Achieve Better Control:

HR policies define relationships between organizations, leadership and employees. Therefore, with no policy differences, each community works to achieve the organization’s wider goals. Therefore, HR policies have greater regulation of the.

### To Evaluate Efficiency:

HR strategies work with labor execution requirements. In view of the strategy, the efficiency of a gaggle may also be judged by its results. HR policies may also be updated or a replacement policy could also be developed in the light of the specific performance after determining whether the organization has achieved the defined results set out in the policy.

### To Make Confidence among Employees:

HR policies provide workers with protection against exploitation and trust employees who may know where they are replacing the company.

### To Motivate:

HR strategies expose employees to the organization’s goals. In achieving the targets, it directs the workers. To promote those goals, they work enthusiastically and with loyalty.

### To Guide the Management:

In relation to HR concerns, HR policies provide management with guidelines. HR regulations determine how people can get the job done or how they can behave around them.

* + 1. **Characteristics of Sound HR Policy**

A sound HR policy must possess the following characteristics:

1. It should be definite, optimistic, straightforward and easy to understand.
2. It should be in writing so that loss is preserved.
3. It should be relatively stable, i.e., regularly updated, but not rigid.
4. It should be balanced with the type of reputation that the organization needs to build.
5. It should understand the need for working people.
6. It should be in the best interests of both concerned, employers, workers and the public.
7. It should be reinforced by careful review of all the evidence available.
8. It should establish a two-way contact between the employer and workers.

Management should focus on the following things during the formation of sound personnel policies:

* 1. **Associated with Objectives**: Strategies must be able to connect roles of objectives, physical variables and employees of the organization.
  2. **Easy to Understand**: In specified, optimistic, simple and understandable

language, policies should be mentioned.

* 1. **Precise**: Regulations should be detailed enough to prescribe limitations and guidelines for future action.
  2. **Stable and as flexible**: Personnel practices should be stable enough to convince people that there will be no dramatic changes overnight. They should be versatile enough to keep the business in tune with the day.
  3. **Supported by Facts:** Personnel decisions should be focused on the principle of facts and judgment, not on personal opinions or opportunistic choices.
  4. **Appropriate Number:** There should be as many staff policies as possible to hide planned circumstances, but not many policies can become confusing or meaningless.
  5. **Just, Fair and Equitable**: As external groups, staff practices should also be equal, fair and equitable to internal ones. For example, an internal recruitment policy would limit opportunities for bright candidates from outside, and an external recruitment policy will restrict the promotional avenue to successful internal candidates. It is important to follow all strategies scrupulously and apply them in order to ensure justice.
  6. **Reasonable**: Personnel policies need to be fair and able to be done. The policy should be conditioned by the suggestions and responses of all those who suffer from the policy to understand employee acceptance and dedication.
  7. **Review**: To stay in tune with changing times and to avoid organizational complacency or managerial inertia, periodic review of personnel policies is necessary. As an example, if the current thinking is in favor of the involvement of employees in management, the staff policy should be changed accordingly to fit the newest fad embraced by those within the company.

In addition to meeting the above requirements, personnel policies that should be sound should even have wide coverage. It may also be necessary to debate the coverage of staff policies here.

## Types of HR Policies

A policy can be a man-made law of pre-determined courses of action created to direct labor efficiency towards the goals of the organization.

“Policies are statements of the organization’s over-all purposes and its objectives within the various areas with which its operations are concerned- personnel, finance, production, marketing then on.”

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There are two kinds of policies:

* + - * For different workers groups, practical policies are groupede.g. management for arranging, coordinating and managing staff.
      * For enterprises with various sites, centralized policies are framed. They are produced at headquarters and are used in the organization.

Policies are further classified as:

* + - * Major policies relating to the general priorities, processes and control that impact an entity as a whole. E.g. brand, funding, organizational structure, position of the factory, etc.
      * Minor policies-cover relationships with significant focus on information and processes during a section of an organization. These tactics are the product of major policies and retain their unity of intent.

Essentially, in India, there are two kinds of HR policies. Specific policies and general policies.

### General policies

General policies are the kind of policies that need and have for any organization.

They are usually formulated by the business leadership.

### Specific Policies

The type of HR policies that apply to certain problems or issues of a particular company are unique policies. They are explicitly designed by the HR department to suit the organization. These regulations apply to problems related to workers’ compensation, training, benefits, etc.

.It is the sole duty of the HR workers to keep a business compliant with a country’s local laws. Therefore, with the utmost understanding and experience, company policies should be developed. Below, we have included a list of 12 essential HR policies that your business in India needs to have. There is no specific order of significance on the list.

### Employment Contracts

India does not legally require the formation of employment contracts for local workers through organizations. However, it is an essential piece of paper that should be produced for any organization. Employee contracts are like an umbrella that protects all deals and contracts related to workers.

As India’s employment laws are a diverse and complex system to navigate, it is important to have these documents. Keeping up-to-date reports to show the company’s compliance would also secure the company for many years to come.

Wage laws, labor laws, the Contract Act, 1872 and the employment laws of the local state are some relevant laws that you must refer to before developing the company’s employment contracts.

### Code of Conduct

A company’s code of conduct policies includes the organization’s vision, ethics and mission. It is built for employees to create and sustain the right business climate. It includes the laws of work that the company’s workers obey a lot.

In India, the code of conduct policy includes policies such as equal rights policies, electronic usage policy, dress code, enabling work climate, media policy, conflict of interest, etc.

In addition, the code of conduct must provide a mechanism for documenting a violation of the code of conduct.

### Employee Wages

Employee payroll management is an important part of the work of an HR department, but it is also an important part of ensuring that employee wages are competitive in the market and comply with government policies.

In India, the wages of a person are covered by many acts. The Minimum Pay Act, 1948, is one of them. It sets the minimum wages that should be paid by a trained and unskilled worker. This helps staff to gain the ‘basic cost of living’.

In addition, the Payment of Wages Act, 1936 guarantees that the employee receives the correct monthly payment on time and without any undue deductions. It can therefore be tempting to concentrate only on the competitive market rates, but it is important to pay attention to the enforcement needed for the wages of each employee.

### Gratuity Policy

Gratuity is the way a corporation appreciates the support that an employee has delivered for five or more years.

A corporation pays a gratuity to an employee when an employee resigns, retires or is laid off. In company and to have satisfied workers, it is an important activity. In addition, under the payment of gratuity act, 1972, it is also a legal compulsion to pay workers gratuity.

Therefore, to order for your company, you must have a gratuity policy.

### Employee Provident Fund

The provident fund act of the workers, 1947, provides employees with revenue protection after their retirement. It is a social security fund that offers benefits to workers, such as retirement pensions, medical care, housing and more. It should be noted that only companies with more than 10 employees are expected to provide a Provident Fund.

To make it simpler, though, you should have a provident fund scheme in your organization.

### Leave Policy

The leave policy is structured to give workers a clear picture of the amount of leaves that are permitted to be taken annually by an employee. In addition, public

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holidays should be listed as well. In addition, the leave policy must also mention the amount of pay decreases that an employee would see in the case of unpaid or half-day leaves.

Legally, India has three national holidays where, without permission, no organization is permitted to be open. Organizations such as warehouses, hospitals, travel agencies, etc. are, however, exempted from this and are permitted to operate 24 hours a day. They must, however, be paid for those days under the Factories Act, 1948, and should be paid for overtime.

In addition, each company should have an annual list of leaves that the workers will receive.

### Sexual Harassment in the Workplace Policy

To make their workplace a healthy space for women to work in, every company must take extra steps. It is not only a legal obligation, but a spiritual responsibility as well. In India, legislation has also been revised to make women’s workplace protection a priority.

The five-year-old sexual harassment act took the Indian business world by storm in 2013. The act is well praised and has even contributed to a few businesses being closed down. In addition, the act not only covers an organization’s staff and interns, but also any woman visiting the company or a client. In order to be able to resolve all grievances actively, each organization must have a sexual harassment policy.

According to the act, an Internal Complaints Committee must be set up for a company with more than 10 employees. In addition, in the regulation, the measures that should be taken in such cases should also be stated.

### Maternity and Paternity Leave Policy

The maternity benefits (amendment) act, 2017, is mandated to be adopted by any company employing more than 10 employees. Perhaps one of the most common HR policies in India is the maternity act. It explains the advantages and leaves to which a pregnant woman who has served for 80 days in an organization is entitled.

Under the act, for the first two children and a 12-week leave thereafter, your scheme must include at least a 26-week paid leave for a woman.

Although there is no paternity leave law in India, the government has approved a bill called the Paternity Benefit Bill in 2017. This has genuinely brought all parents into the debate of equality and has been applauded by the nation’s people.

### Termination of Employment Policy

A time when an employee has to be let go always comes. There are often strong feelings attached to such circumstances. It is therefore necessary to develop a leave policy for your organization so that it guides you through the steps of letting an employee leave a company.

This will assist the HR employees in carrying out the necessary procedures in compliance with federal laws. It should be remembered, for instance, that businesses are not permitted to fire workers without warning.

It is necessary for a correct and comprehensive termination policy to be developed in order for the employee to be compliant.

### Adaptive Work Culture Policy

The offices look a bit different from what they used to look like a few years ago. More and more workers are now searching for flexible job arrangements, such as homework options or 5-day work weeks.

While adjusting to changing times is not a legal necessity, sticking to conventional work patterns is not smart either. Getting adaptive work environments allows workers to be more productive and increases the involvement of employees. In India, this is an HR policy which is often ignored, but it should be included.

### Communications Policy

A communication policy helps to create and maintain open communication between different levels of the company for employees. This policy covers the e-mails, cell phone use, telephones, notice boards, memos, etc. policies of the company. The correct processes must be developed to regularly upgrade current technologies and communication networks.

### Nondiscrimination Policy

Discrimination can take many forms and can be based on age, color, sex, caste, creed or more biases. Nevertheless, it is the inherent right of an employee to be treated fairly and without prejudice.

These rights are given to any citizen of the country under Articles 14, 15 and 16.Each organization must therefore establish a business policy that does not enable any kind of discrimination and must state the consequences of the same.

### Additional Employee Policies

* 1. **Dress Code Policy**

To make working more professional and encourage a healthier work environment, the dress code policy exists. A successful dress code policy is a series of guidance to understand what is acceptable to be worn at work. Getting a policy set out means that the workers are well dressed for meetings and facilitates the right culture of work.

### Probation and Confirmation Policy

They are usually placed on a probation schedule while a new employee is aboard which usually lasts three months or longer. It allows the organization time to determine the performance of an employee and the conditions under which the employee is confirmed in the company. For all staff of an organization, probation periods are mandatory. This also implies that the worker gets an opportunity to grasp a company’s work climate and workload.

During the probation period, the probation policy includes the terms and conditions that the employee should obey.

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The strategy must include the probation period and post approval procedures. The code of ethics, performance standards and employee objectives for the company should be included.

### Work from Home Policy

An arrangement between an employer and an employee to give the employee the privilege of working from home is a work from home policy. The job timings, deliverables and specific procedures should be clearly defined. While there are no laws about these, it would be good to have a consistent and definite policy. It must include the mechanism by which an employee may apply for the privilege of working from home and specify in depth for the one who is qualified for such privileges.

* + 1. **Examples of some HR Policies & Procedure in an Organization**

### HR Policies at Coca-Cola

Coca-Cola was founded in May 1886 by Dr. John Pemberton. Coca-Cola was first sold to the public in Atlanta at Jacob’s Pharmacy.

* Special training is given to employees.
* New employees also are placed with old ones to learn work and the values prevalent in the company.
* Two cups of tea are free for every employee daily that represents the hospitable nature of the company.
* Basic salary and Medical facility is provided.
* Gratuity fund Bonus and Social security is also a part of their policy.
* Treatments are provided to employees as per their designations and the medical facilities are also provided to supervisors as well as the officers in the Company.
* Blue collar workers are offered wages along with commission salesman and are offered wages plus commission pursuing certain criteria.
* White collar workers who are the officers and the executives draw a handsome amount salary with incentives.
* Medical facilities and treatments are provided to employees as per their designations.
* Medical facilities are also provided to supervisors as well as the officers in the company. Performance appraisal is on the annual basis.
* Safety policy is to protect the employees and ensure public safety extending throughout the organization.
* It establishes mechanisms to communicate effectively with the employee’s consumers and government on the safety performance.

HR manager says, “We appraise our employee on their performance.”

### Airtel HR policies

* At Bharti Airtel, ‘mantra’ for employee delight focuses on 5 P’s –people, pride, passion, processes and performance.
* It has been recognized among the best employers in the country for two successive years – being 14th in 2003 &jumped 2nd best employers in the country in 2004.
* Bharti Airtel follows an “open door policy” to line the management, which helps resolve matters with mutual agreements.
* It ensures transparency through the various communication policies, strategies and plans.
* Regular employee communication forums provide a platform for the employees to raise matters that require resolution.
* They strongly believe in facilitating and initiating activities that help employees manage their health and well-being.
* Focus always remains to redefine leadership; and develop leaders who enable performance and inspire their people to unleash their potential.
* Family-day at office, half day leave for birthdays, gifts for anniversaries, compulsory 10 days off, festival celebration with family, no official meetings on weekends, etc.
* From self-management workshops to aerobics sessions, yoga classes to provision of relaxation/meditation rooms, which ensures that every employee keeps a check on the fitness.
* The company provides Flexible Group Medi-claim insurance to all employees, covering all kinds of illnesses, accidents and hospital coverage for serious ailments.
* Bharti Airtel offers a flexible compensation structure to its employees.

### Birla’s HR policies

Aditya Birla Group started in 1857. Shiv Narayan Birla started cotton trading operations in the small town of Pilani in Rajasthan.

“If work becomes fun, it doesn’t stay work anymore. It becomes an enjoyable endeavor that multiplies energy.”

* Their motto is Happiness at work.
* They provide employees with opportunities to connect with each other on a regular basis. Events are designed to make the employees and their families feel as much a part of the group.
* Events like annual day, kids’ day out and family picnics to best employer celebrations and the Sawan Melas are organised.
* The organizational health survey was introduced by the late 1990s, which measures the “happiness at work” index and was carried out to track the employee’s satisfaction at work.

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## What are the Most Important HR Policies?

The main areas that international employers should pay attention to when managing workers in India are briefly addressed. For any HR specialist, these tips should serve as a good introduction or refresher.

### Employment Contracts

A written employment contract is not required by India for local employees. However, the use of contracts to reduce risk and to specify terms and conditions of employment is advisable for businesses.The state and federal governments both establish and implement employment laws, which can make enforcement difficult for those who are unfamiliar with the country. In order to avoid potential legal problems, HR managers should keep themselves posted and create employment contracts in compliance with them. Indian employment laws are diverse and form a dynamic structure that when building contracts, employers must navigate carefully. There are industrial laws, the Companies Act and the Contract Act, 1872, in addition to LabourLaws, which regulate working conditions in India.

### Wages

To ensure that it remains competitive within the local labour market, employers should aim to annually audit their wage structure. It is perhaps more necessary, however, to ensure that salaries comply with prevailing laws.

Under the 1948 Minimum Wages Act, all employers in the regulated industry must provide the ‘basic cost of living’ to the categories of workers defined in the act. In addition, the 2019 Wages Bill Code requires the federal government to set minimum statutory wages for millions of employees.

Companies should ensure that this is taken into account in employment arrangements by determining the terms and conditions for employee remuneration.

### Termination of Employment

Employees in India can only be dismissed according to the terms and conditions of their contract of employment. Termination without warning is prohibited. Periods of termination differ by role and duration of jobs.

Companies should remember that when laying off or dismissing employees, all employers must adhere to federal and state labour laws. The provisions drawn up in company contracts do not supersede these legal statutes.

### Maternity and Paternity Leave

For all shops and any establishments that hire more than 10 employees, the Maternity Benefits (Amendment) Act, 2017 applies. Under the Act, for the first two children, 26 weeks of paid leave is available for mothers, and 12 weeks thereafter. Companies with more than 50 staff must also provide nursery services.

In the next legislative session, the Paternity Compensation Bill, 2017 is expected to be up for debate. However, a large number of organizations, especially international companies such as Microsoft and IKEA, already have within their company policy a mutually decided paternity leave clause.

### Prevention of Sexual Harassment in the Workplace

The Indian government has taken women’s protection at work to the forefront of its legislation.

In compliance with the requirements set out in the Sexual Abuse of Women at Work (Prevention, Prohibition, and Redressal) Act, 2013, all organizations with more than 10 employees shall create an Internal Complaints Committee. All grievances should be vigorously investigated, proven and immediately remedied.

In order to foster an organizational culture that allows for a fair and healthy working atmosphere for all its workers, HR staff should arrange seminars or sensitization programs and facilitate contact.Companies must draft acceptable HR policies within the organization to ensure employee protection and ensure that they are clearly communicated to all employees.

### Public Holidays and Work Weeks

Three national holidays are observed in India: Republic Day (January 26), Independence Day (August 15), and Gandhi Jayanti (October 2).Both agencies, public or private, must remain closed on those days.

Government approval is required to operate on these days for any organization. Only such buildings, such as factories and sectors where the work process is deemed to be continuing, including hospitals and travel agencies, are allowed to operate for 365 days over 24 hours. Establishments operating on those days, however, are subject to the payment of extra salaries for workers working on those days.

In addition, businesses must remind staff every year of the annual list of holidays and weekly deals. In the employment contract, the number of leaves and types of leave must preferably be clarified.

Many laws in India, such as the Factories Act of 1948, also provide for the maximum number of hours of work and the amount of overtime wages to be charged to the workers.

### Restrictive Clauses in Employment Contracts

Employers should remember that it could not be enforceable by the Indian courts to include restrictive clauses in a contract. The Contract Act, 1872, mandates that all people have the fundamental right to follow any occupation, trade, or corporation.

Examples of restrictive provisions include non-compete, non-disclosure, non- solicitation, and ‘garden leave’ clauses that can only be enforced by the courts if plausible reasons are given with respect to the time span and essence of the activities involved. The best way to ensure enforceability is to limit within these dimensions the reach of the clauses as far as possible. This does not, however, ensure legal rights for employers.

### Gratuity and Provident Fund

The Payment of Gratuity Act, 1972 establishes the requirements for gratuity owed to an employee.

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The number of years of service of the employee is the criterion for determining the amount of gratuity due, and this payment by the employer is mandatory by law.

In case of the following circumstances, the minimum amount (more may be permitted) must be provided to an employee:

* + Retirement;
  + Resignation;
  + Disablement due to accident or illness; or,
  + Death of the employee (gratuity paid to employee’s nominees).

However, if an employee is fired for proven criminal or moral purposes, no gratuity is owed to him.

Similarly, the Workers Provident Fund Association of India (EPFO) manages and controls the Employee’s Provident Fund (EPF).

Under this arrangement, the employer and employee contribute an equal sum to the fund every month, which is available to the employee at some points in their career.

The EPF scheme is required for a salary less than Rs 15,000 (US$220) and voluntary thereafter.

### Impact of Digitalization

Workplaces are gradually becoming interactive. To maximize vital efficiencies and ensure core enforcement within the company, businesses and employees both need real-time employee details.

The scope of work for HR departments has grown to include the use of digital technology, especially in the service and consultancy sectors, through apps and in- house databases. This involves the use of online platforms and software for procedures such as recruiting, learning and development, and even day-to-day administration.

Increased affordable integrated software systems that simplify aspects of HR administration and payroll should be considered by business leaders. This also enables back offices to concentrate on delivering value-added services, enabling front offices to invest more in growth, services and innovation.

### Adaptive Work Culture

Job seekers in India are moving away from conventional work modes to a more holistic view of career growth, such as a ‘9 to 5’ time pattern. To develop these organizational values and promote a balance between employee satisfaction and efficiency, responsive and adaptive HR departments are important. Organizations are now increasingly integrating into their organizational culture the concept of work-life balance.

In order to improve employee retention and loyalty, working conditions in Indian multinational corporations are also shifting to integrate flexi-time or work from home options into job contracts.

# Unit-1.4: Role and Responsibilities of the Human Resource Manager

## Who is an HR manager?

A human resources manager, most frequently referred to as an HR manager, is a company employee who helps to describe the procedures and culture of a company related to people. In order to ensure an organization treats its employees well and within the confines of the law, HR managers may become heavily involved in administrative tasks.

In order to ensure an organization treats its employees well and within the confines of the law, HR managers may become heavily involved in administrative tasks. And they will also serve as a trusted management team advisor on all employee and job-related issues.

As an HR boss, you can work in almost every enterprise or industry that hires individuals. It is important to be a confident communicator and have a strong commercial mentality to succeed in this position. Anyone can, at any point in their career, be an HR manager. For people who enjoy working with other people in a business setting, it is a successful career choice.

HR managers can earn very well, and wages for those who want to advance their HR career or specialize in a specific field of HR can be high.

The role of HR manager is exciting and difficult. Here, we’ll find intriguing insights from industry professionals and individuals who are already working in the job. We will dig into the skills and knowledge you need to find out what it takes to be successful.

## Need for HR Manager in an Organization

HRM can be defined as the efficient management of individuals in an organization. HR management helps bridge the gap between the output of staff and the strategic priorities of the organization. In addition, an effective HR management team will give businesses an advantage over their competition.

### Role of HR managers

Recruitment: Recruiting workers is one of the main tasks of an HR boss. An organization’s performance depends largely on the workers employed, so it is vital that the right people are hired for the right job.

Learning and development: Learning is a continuous process and is important for improving the productivity of employees. As well as the professional growth of current workers, HR managers are responsible for the orientation and induction of new employees. They are responsible for strategizing programs for growth. In addition, they must be able to define and assess the fields for which workers require training.

Building employee relations: In improving productivity, successful employee relationships go a long way and contribute significantly to the performance of a company. Employee relations techniques are applied to ensure that a company caters to employees’ overall well-being.

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Compensation and benefits: Handling wages and benefits is a major component of the job position of an HR manager. As well as discussing pay and benefit agreements for prospective hires, they are responsible for designing incentive plans, performance management processes and compensation mechanisms.

### Importance of HR managers in organizations

Strategy management: This is an integral feature of every organization and plays a crucial role in the management of human capital. In order to ensure that the company meets its strategic goals, HR managers oversee plans as well as contribute greatly to the organizational decision-making process, which involves reviews for existing staff and forecasts for future ones based on business demands.

Benefits analysis: HR executives work to minimize costs, such as recruiting and retention. As well as being well-versed with job benefits that are likely to draw quality applicants and maintain the current workforce, HR practitioners are trained to perform successful negotiations with future and current employees.

Training and development: As HR managers make a major contribution to training and development programs, they also play a crucial role in improving relationships between employers and employees. This leads to the growth of workers within the organization, thus improving employee satisfaction and productivity.

Interactivity within employees: HR managers are responsible for conducting organizational tasks, gatherings and celebrations that give way to opportunities for team building. In addition, it increases employee interactivity and instils a sense of confidence and respect among peers.

Conflict management: When some form of professional dispute occurs between workers, the department to go to is HR. They ensure that disputes and issues are successfully resolved, discussing the issue with an unbiased attitude and facilitating constructive dialogue to find a solution. In addition, they help workers consider different ways of establishing positive working relationships and the value of not letting their actions be influenced by personal opinion.

Establishing a healthy work culture: In bringing out the best in workers, a healthy work culture is central. HR managers contribute greatly to the development of a safe and friendly culture of work, which further translates into improved employee efficiency.

Compliance: HR practitioners work to make the company comply with employment regulations, as well as keeping records of recruiting practices and logs of applicants.

* + 1. **Qualities & Qualifications of an HR Manager**

“I love seeing people grow and develop in their careers,” says Raasch, HR manager at the Mandarin Oriental Hyde Park hotel. “I’m passionate about recruiting great talent that can make a huge difference to the business. When I joined the hotel, the state of the HR department wasn’t as up to scratch as I would have expected, so the team and I managed to change the perception of the department. It’s now seen in a very positive light across the rest of the business. We now have people really want to work in the hotel and people from other luxury hotels really want to come and work here. I’m very proud of that.”

“I really enjoy helping managers to work on their development so they’re better equipped to get the most out of their teams,” says Larsen, senior HR business partner at total jobs. “Career development is another really interesting area for me. I want people to come here for the job but stay for the career, and I’m able to influence this.”

“The best part for me is having the opportunity and privilege to develop and enhance people’s work development and career opportunities,” says Lowe, director of human resources for Hilton London Heathrow Airport T5. “I love working with individuals from all over the world; we have such interesting people at Hilton, a truly global workforce.”

“Also, I love implementing new workforce initiatives. I’ve led the team to develop the first Supported Internship Programme for people with special needs within the hospitality industry, which is now it is fifth year of success. This offers groundbreaking employment opportunities and supports a diverse new recruitment stream across the business.”

Key Qualities of an HR Manager

* + - * Sympathetic Attitude.
      * Quick Decisions.
      * Integrity.
      * Patience.
      * Formal Authority.
      * Leadership.
      * Social Responsibility.
      * Good Communication Skills.

## Managerial Functions/ Role of HR Manager

The HR Manager’s four fundamental functions are equivalent to those of any manager: preparing, coordinating, directing, and regulating.

The job of managing human resources is demanding, complex and exciting. Depending on the size and form of company, and the sector in which the HR manager operates, it can entail several different tasks and responsibilities.

### Managerial Functions include:

1. **Planning**

The primary function where number and type of employees needed to accomplish organizational goals is determined. Research forms core HR planning which also helps management to collect analyze and identify current plus future needs within the organization.The HR manager will also be at the very center of bringing together a plan if the business has a people-related issue to solve. “HR management is a multitasking role,” explains Maryanne Raasch, HR manager at the five-star Mandarin Oriental Hotel in London’s Hyde Park. “You don’t get involved in just one area, you get involved in so many areas of the business and the employee lifecycle, which can include attracting

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people, strengthening the employer brand, recruitment, selection, developing talent and supporting business decisions.”

### Organizing

Organization of the task is one more important step. Task is allocated to every member as per their skills and actions are integrated towards a common goal.The HR manager’s fundamental duties are to help the organization, consistent with the law, to deliver people-related processes, vision and strategy across the sector. HR administrators also assist other colleagues within the organization to address tough problems related to the employment and firing of employees. And HR managers assist the workers of the business with problems that contribute to their health and company jobs.

### Directing and Encouraging

This includes activating employees at different levels and making them contribute maximum towards organizational goal. Tapping maximum potentialities of an employee via constant motivation and command is a prime focus.

### Controlling and Coordinating

Post planning, organizing and directing, the performance of an employee is checked, verified and compared with targets. If actual performance is found deviated from the plan, control measures are taken.Controlling is all about monitoring behaviors based on the organization’s priorities in compliance with the plans formulated. The manager observes and subsequently compares the findings with the set criteria in this regard.

### Staffing

Recruiting managers is also referred to as staffing managers, handle the human resources department’s recruiting and hiring duties. They also lead a team of recruiters, and when they attempt to fill high-level roles, others take on recruiting duties. They must build a recruitment plan that helps them fulfill their organization’s staffing needs and compete for the best workers effectively.

Wendy Dean, HR consultancy managing director, Strategic Solutions Group, a CIPD fellow and former FedEx UK human resources director, explains that an HR manager sets the foundations of the employee-employer relationship. “Not just through admin and moving paper around, but by creating a culture that encourages the employees to freely engage with the business, whilst keeping the interests of the company front of mind,” she says.

“Human resources managers are integral to the success of companies in every industry,” Audrey Horton, postgraduate course leader in human resources management at Southampton Solent University’s School of Business Law and Communications, says. “Employees are a company’s most expensive and valuable asset, so HR managers are responsible for maximizing the value obtained from employees. A business is only as good as its employees, and an organization’s employees are only as good as the HR team that supports them.”

“HR managers are tasked with providing clear direction and guidance and are responsible for helping to generate a positive and encouraging working environment. Core HRM functions include resourcing and talent management, learning, training and development, reward and performance management, employee relations, employee welfare, remuneration and benefits, and employee engagement.”

Knowing the basics of HRM will allow any manager to lead more effectively. The following three principles should be understood by every manager:

* + - * Everyone in a managerial role is human resource manager.
      * Employees are far more valuable assets than buildings or facilities; good employees provide the competitive edge for a company.
      * Human resource management is a mechanism that combines the organization’s requirements with the employee’s needs.
    1. **Operative Functions / Role of HR Manager**

Day-to-day roles and responsibilities can differ depending on the size of the organization and the sector in which the HR manager operates. For example, an HR manager specializing in learning and development (L&D) will not always participate in generalist activities such as absence management or managing workplace grievances.

Responsibility for an HR manager is “protecting the business and developing coherent business processes relating to employees,” says Alasdair Hobbs, solicitor of employment law and managing director of Human Outcomes specialist HR consultancy. “HR managers should ensure a safe and thriving environment for all employees, help the company comply with employment law, facilitate positive employee relations through development of employee management strategies resolve workplace disputes, be involved in training and development, and provide the business with necessary tools to define and influence organizational culture.”

“HR is the strategic approach to effective people management and leadership, linked to business performance,” Adam Oliver, head of executive search at Network HR, a leading national recruiting company that hires executive-level HR talent, says. “More and more of what HR used to be is seriously changing; old school personnel – ‘people, pay and rations’ – is now quite a derogatory way to view HR professionals. These days, the HR population look after a side of the business that is instrinctly linked to the performance.”

Caroline Lowe, Human Resources Director for Hilton London Heathrow Airport T5, confirms that the position of an HR manager will vary depending on the sector and type of company in which they operate. “An HR manager in the hotel industry covers a wide range of responsibilities that can include strategy, restructuring, new openings [of hotels or restaurants], brand audits and compliance, payroll, budgeting, recruitment, training, pensions and benefits, and culture and talent!” she says. “It can be a huge, all- encompassing role.”

The operative role of managers is dedicated to the acquisition, training, assessment and compensation of workers is human resource management (HRM) or staffing.

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* All managers are managers of human resources, although in large organizations, human resource specialists can perform some of these tasks. Solid HRM activities will mold the employees of a business into an empowered and dedicated team capable of successfully handling change and achieving organizational goals.
* Managers of human resources schedule, guide, and organize an organization’s administrative functions. They oversee the recruitment, recruiting, and hiring of new hires; collaborate on strategic planning with top executives; and act as a link between the management of a company and its employees.
* A generalist HR manager can touch on creating compensation and benefits plan (comps and bens) or setting up employee learning resources, these are activities that are more likely to be performed by specialists.
* The functions of the payroll department of a company are overseen by payroll managers. They ensure that all aspects of payroll are processed correctly and on time. They guarantee that all aspects of payroll are done professionally and on time. They manage payroll processes, compile accounting department reports, and fix any issues or inconsistencies with payroll.
* Directors of workplace relations, also called administrators of employee relations, administer work practices in union and non-union environments. They draw up, negotiate, and execute labor contracts covering topics such as grievances, salaries, benefits, and activities of union and management. They also handle labor complaints between workers and management, and they organize procedures for grievances.
* The smooth and successful running of the human resources department of a corporation is the responsibility. They usually oversee and provide management advice on strategic hiring strategies, salaries, benefits, training and growth, budget, and labor relations. In creating a culture that encourages workers to work in compliance with the goals of an organization, an HR director is often required to play a leadership role.
* HR managers may efficiently prepare, design, develop and assess programs related to human resources that support strategic organizational objectives. In addition, HR directors, including negotiating and implementing labor agreements, will lead performance management, talent evaluation, and productive labor relationships.

HR should explain to employers a range of activities that they can perform, including:

* Developing successful training programs
* Structure systems effectively to attract and retain top talent
* Make informed business choices based on facts and statistics
* Using technology to strengthen and evaluate the outcomes of initiatives for human capital
* Usage of advanced information and expertise to excel as a director of HR

## Future HR Managers

We talk tons about how technology is changing the planet of labour. And indeed, the mixture of automation and therefore the arrival of latest technologies will cause the extinction of certain jobs, but more importantly, it’ll also create new jobs and push tons folks to up skill so as to urge ready for the longer term.

We also talk tons about the role of HR during this digital transformation and how can HR help organizations and their employees to become future proof? What we don’t mention, or a minimum of not as often, is what HR will appear as if a few of years from now. What are the HR roles of the future?

According to a KPMG report, 3 in 5 HR leaders believe that the HR function may become irrelevant if it doesn’t modernize its approach. What’s more, only 37% of HR leaders are very confident in HR’s ability to rework the workforce and it.

This highlights the importance of HR professional future-proofing their skills. If they need to remain relevant, their skills got to be relevant too.

At AIHR, we’ve defined four HR core competencies that HR professionals got to perform well within their role in the (near) future. We’ve based this on existing also as our own research.

These competencies are:

* Data driven, also referred to as evidence-based, is that the ability to read, apply, create and communicate data into valuable information to influence decision-making processes.
* Business acumen also referred to as business savvy or business sense is that the ability to translate the organization’s purpose, mission, goals, and business context into strategy, positioning HR policies and activities to best serve the organization’s interests.
* Digital integration is that the ability to leverage technology to extend efficiency and to drive HR and business value.
* People’s advocate is that the ability to create a robust internal culture, communicate skillfully, get the simplest out of individuals, and act as a trusted employee champion.

These core competencies are complemented by role-specific functional competencies, as an example, compensation & benefits, people analytics, or learning & development.

### HR Roles of the longer term

As we now have a thought about the talents HR professionals will got to achieve the longer term , we will start to believe what the varied HR roles of the longer term could appear as if .

While there’ll still be a requirement for an all-around, generalist sort of HR professional, they’re going to got to be equipped with a replacement range of skills.

At an equivalent time – driven by current developments on a technological and global workforce level – there’ll be a requirement for HR specialists who are, next to having the core skills, experts in their specific area of HR.

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A couple of HR roles of the longer term we could imagine seeing (a lot) more of:

### The Digital Evangelist

The current explosion of HR technology is way from over. On the contrary, there’s hardly any HR function left that doesn’t have a powerful range of software and tools designed to automate and digitize its processes. In recruitment tech alone, there are a few dozen new solutions every week coming onto the market.

Needless to mention, it’s impossible for everybody in HR to stay up with the newest tech on top of all their other activities. Especially since the amount of HR tech solutions is probably going to further increase over subsequent years.

As such, we will imagine organizations having their very own Digital HR Evangelist.

A couple of characteristics of this person:

* + someone who is hooked in to all things HR tech
  + equipped with the required skills to understand the essence of latest solutions and their potential benefits for the organization
  + digitally and tech savvy
  + always willing to undertake new technology and not afraid to question existing solutions
  + able to get all stakeholders on board when it involves the implementation and use of a replacement solution; the Evangelist a part of the work .

### The chess player

The time when your average workforce mainly consisted of full-time employees is long gone. Today’s employees are a mixture of freelancers, part-timers, full-times, contractors, and everything in between.

While this new composition certainly has its advantages – think flexibility, expertise and different perspectives on the business – it also has its challenges.One of them being succession planning.

If succession planning was a challenge before, when HR still more or less had a particular visibility on who was getting to leave and when, it’s become a totally different ball game now. Think for instance of the challenges that accompany the rapidly aging workforce or the increasing automation which will cause shifts in both work and workforce. And let’s not ditch recruitment, because once we mention workforce planning recruitment is an inevitable a part of the equation. When we believe HR roles of the longer term, someone who is an expert in strategic workforce planning, or, as we wish to call it, a real chess player, is indispensable.

A few characteristics of this person:

* + someone with a knack for solving complicated puzzles (problem-solving)
  + who is well-organized
  + with a natural tendency to think outside the box and appearance at problems from various angles
  + digitally and tech savvy
  + able to quickly adapt to changing circumstances

### The People Data Wizard

It’s impossible to consider technology without data. The overwhelming majority of HR tech solutions is driven by data and has an analytics function. This is often one side of the info spectrum.

People analytics is that the other. Because of the rise of cloud-based HR systems, more and more organizations now store their people data. So as to leverage this data though, they have someone who knows the way to work with it.This means – among other things – a knowledge scientist who knows what data are often used (scientifically validated), where it should be stored (centrally), and, of course, the way to get valuable and actionable insights from it that have a positive impact on the business. But this role entails tons more.

Digital HR enables us to think smarter about what data will cause better performance. Supported this information we will build our systems and begin doing our people analytics.

### The importance of collaboration

While the HR roles of the longer term are going to be (much more) specialized, it might be wrong to consider them as separate entities. So as for every function to actually work, our ‘special HR units’ got to collaborate closely.

Because, for instance, when the chess player starts planning workforce and recruitment needs, they’re going to undoubtedly need relevant people data and supporting technology solutions to make a solid strategy. This means they’re going to consult both the People Data Wizard and therefore the Digital Evangelist. The same thing goes for the other quite HR issue that must be addressed, whether it’s a subject associated with performance management, learning & development, or onboarding; so as to return up with an honest strategy and execution, all special HR units will need to work together. In a time where automation and new technologies are rapidly changing the planet of labour, HR will play an enormous role in helping organizations and their people become future-proof. But HR itself will look pretty different within the not too distant future too.

HR professionals will equip themselves with a replacement range of skills including people analytics, digital HR, strategic workforce planning, design thinking, and stakeholder management.

While there’ll still be a requirement for an all-around, generalist sort of HR professional, there’ll even be a requirement for HR specialists with deep expertise in their areas.

The position of HR manager will come with excellent salary prospects and opportunities for promotion for those who want to develop their career in human resources. Jump to the compensation section of the HR manager below for more pay information.

Having experience as an HR manager may also contribute to many other job opportunities, such as specializing in a specific HR sector, such as talent management,

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recruiting, workforce relations, employment law, compensation and benefits, or learning and growth.

There are also opportunities for HR specialists to obtain jobs at a university as a teacher or lecturer and transfer their expertise on to students.

HR has developed itself in recent years as a“business critical resource led by credible stakeholders who are able to provide guidance to organizations from a commercial and a human perspective,” remarks Larsen, senior HR business partner at Total jobs. “HR people have an insight that other leaders don’t have and they can really impact the business from a people perspective.”

“HR is a flexible discipline that provides the opportunity to gain insight into all aspects of the business,” says Horton, lecturer in human resources management at Solent University. “Some of the major reasons why people are choosing a career in HR is the opportunity to influence every aspect of the organization, to assist in the development of its employees, and to play a part in influencing strategic business decisions.”

HR managers, especially those with technological expertise and knowledge of HR technology, are often in high demand, combined with a well-rounded, realistic understanding of human resources. This ensures that HR executives can earn well and have the ability to work in the public, private and charity/non-profit sectors in a wide variety of industries.

“There’s a reason I have ‘human’ in my job title because this job is very human- driven,” Raasch, HR manager at Mandarin Oriental Hyde Park states. “If you like working with people and like the idea of developing people, then HR could be a good choice. I have a great interest in people and believe that people are a company’s greatest asset. For example, without our staff, we’re just a nice building with beautiful decoration. I find people and human behavior fascinating, especially how it impacts on the business.”

Executive HR recruiter Oliver complements: “The perception of HR in the market is changing in a very positive way, and there are some significant players that have changed how HR performs and the way it’s viewed as a business function. These new age transformational HR leaders are focusing on the success of a business and they are the living, breathing personification of organizational culture – they are what make an organization a fun place to work. Traditional HR was administration, paperwork and back office support, but now it’s a full- fledged function as intrinsic as finance, operations or the marketing team. HR management is a cool job!”

### Check your Understanding

1. It should be noted that only companies with more than employees are expected to provide a Provident Fund.
2. Managers of human resources schedule, guide, and organize an organization’s administrative functions. They oversee the recruitment, recruiting, and hiring of new hires; collaborate on strategic planning with top executives; and act as a link between the management of a company and its employees True / False
3. Essentially, in India, there are two kinds of HR policies
   1. Employee and Employer
   2. General and Specific
   3. Internal and External
   4. Official and Unofficial
4. The HRM’s four fundamental functions are equivalent to those of any manager:

, , , and

.

1. The type of HR policies that apply to certain problems or issues of a particular company are unique policies. They are explicitly designed by the HR department to suit the organization. These regulations apply to problems related to workers’ compensation, training, benefits, etc.
   1. Specific Policy
   2. General Policy
   3. Neither of the above
   4. Both of the above

### Summary

What are HR policy and procedures (meaning of Policy, meaning of Procedure)

* **As Peter Drucker states:** “The management must gear its policies and objectives in such a fashion that the workers perform their work. It implies a consideration of person as a resource having psychological properties, abilities and limitations requiring same amount of engineering attention as the other resource. And it’s the management alone which will satisfy the wants of motivation, participation, satisfaction, leadership.”

Need for HR policies and Procedures in an organization

* + To Achieve the Objectives of the Organization
  + To Bring Uniformity in Decisions
  + To Delegate Authority
  + To Achieve Better Control
  + To Evaluate Efficiency
  + To make Confidence among Employees
  + To Motivate
  + To Guide the Management Characteristics of Sound HR Policy
  + Associated with Objectives
  + Easy to Understand
  + Precise
  + Stable and as Flexible
  + Supported by Facts

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* + Appropriate Number
  + Just, Fair and Equitable
  + Reasonable
  + Review

Types of HR policies

* + There are two kinds of policies
    - For different workers groups, practical policies are grouped. Ex: management for arranging, coordinating and managing staff
    - For enterprises with various sites, centralized policies are framed. They are produced at headquarters and are used in the organization.

Examples of some HR Policies & Procedure in an organization

* + General policies
  + Specific Policies

13 Most Important HR Policies in India

1. Employment Contracts
2. Code of Conduct
3. Employee Wages
4. Gratuity Policy
5. Employee Provident Fund
6. Leave Policy
7. Sexual Harassment in The Workplace Policy
8. Maternity and paternity leave Policy
9. Termination of Employment Policy
10. Adaptive Work Culture Policy
11. Communications Policy
12. Nondiscrimination Policy
13. Additional Employee Policies
    * Dress Code Policy
    * Probation and Confirmation Policy
    * Work from Home Policy The Foremost Important HR Policies

* Employment Contracts
* Wages
* Termination of employment
* Maternity and paternity leave
* Prevention of sexual harassment in the workplace
* Public holidays and work weeks
* Restrictive clauses in employment contracts
* Gratuity and Provident Fund
* Impact of digitalization
* Adaptive work culture

Role and Responsibilities of the Human Resource Manager

* A human resources manager, most frequently referred to as an HR manager, is a company employee who helps to describe the procedures and culture of a company related to people.
* Role of HR Manager n organizations o Recruitment
  + Learning and development
  + Building employee relations
  + Compensation and benefits
* Importance of HR managers in organizations
  + Strategy management
  + Benefits analysis
  + Training and development
  + Interactivity within employees
  + Conflict management
  + Establishing a healthy work culture
  + Compliance
* The HRM’s four fundamental functions are equivalent to those of any manager: preparing, coordinating, directing, and regulating.

Future HR Managers

* The position of HR manager will come with excellent salary prospects and opportunities for promotion for those who want to develop their career in human resources.
* Having experience as an HR manager may also contribute too many other job opportunities, such as specializing in a specific HR sector, such as talent management, recruiting, workforce relations, employment law, compensation and benefits, or learning and growth.

### Activity

1. Make a PowerPoint presentation on the 13 most important HR Policies in India,

2021. Include the specific details pertaining to each policy.

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### Glossary

* **Gaggle**: a disorderly group of people
* **Mandate:** an official order or commission to do something
* **Statutory**: having come to be required or expected through being done or made regular

### Questions and Exercises

1. What are the Objectives of HR Policies?
2. List the things management should focus on during the formation of sound personnel policies.
3. What are the 12 essential HR policies that your business in India needs to have?

### Answers to Check for Understanding

1. 10

2. True

3. (b)

4. Preparing, Coordinating, Directing, and Regulating 5. (a)

**Case Study-1**

Adam was a recently recruited HR practitioner, fresh from training. He was asked to be in charge of the orientation program for the whole organization during his one month on duty. Being young, he followed the procedures closely. Roy joined the organization recently, and Adam was needed to orient him. Adam took him around the company on Roy’s first day of work to introduce him to the rest of the employees. Sadly, Roy’s assigned mentor was not around, so Adam was unable to make an official introduction of Roy to his mentor. In the afternoon, Adam reported to Roy, during the HR briefing, that there is a buddy system in operation, but it is only on an opt-in basis. Roy requested to opt for a buddy. Roy called for a buddy to be selected. Adam was very shocked by Roy’s request, as nobody in the company asked for a buddy, according to Adam’s manager-Jean. Adam then consulted with Jean on the conditions for Roy to get a buddy, and according to her, Adam learned that it needed to be someone from Roy’s department, preferably. Adam intended to get a buddy for Roy after clarifying on the parameters, sadly, due to his busy schedule and other HR issues, he did not immediately follow up with Roy’s request and therefore Adam neglected to assign a buddy to Roy even though he was intending to do so. One week later, at a business lunch, Adam met Roy and Adam greeted Roy and asked him casually how he was doing and if he had adapted well to his work.

Roy asked Adam blatantly and aggressively where his buddy he had asked for was. Adam remembered, at that time, on the existence of this request and unconsciously told Roy that he thought Roy was kidding with him about a buddy’s request because he didn’t want to admit to Roy that he had obviously overlooked the whole problem. Roy was really upset by Adam’s reaction and told him off, that he was really serious about having a buddy and that it was the obligation of Adam to do so. Adam, clearly ashamed and guilty about his error, quickly apologized and committed to get a buddy for him. A buddy, Sam, was found for Roy that very day. Roy was very dissatisfied with Adam and questioned Adam and his buddy on when he could have an official meeting with his mentor. Adam told Roy that the company has no existing practice in place for coordinating meetings between mentors and mentors and it is tradition for mentees to take self-initiative to schedule meetings with their mentors. Adam then informed Roy that his mentor was actually out of town and will only be able to set up a meet the next day. Adam, being a new employee himself, was still talking from personal experience at that moment in time and also reflecting on what Jean had told him. Sam, who was in presence, agreed and helped explain the procedure to Roy. Roy kept quiet and Adam unknowingly believed that Roy had grasped the procedure of the company. Adam did not, however, continue to check on this aspect with Roy. Roy had a feedback session with his boss the next day and Adam was called to sit in as part of the orientation program.

Roy raised the issue of the inability of Adam to promptly get him a buddy and that he was not introduced to his mentor at all. He complained about the poor management of the HR mentor and buddy system and that it was not at all productive and that he said he was very disappointed with Adam because he thought he wasn’t doing his job at all. Adam attempted to clarify what happened to Roy to his manager and also told Roy that he would take his suggestions for improving the system and was apologetic about the matter. After the session, he told Roy’s manager that he will bring Roy to see his

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mentor as his mentor is back in the office after being on leave for the past week. Roy was still very dissatisfied with Adam and kept telling Adam off in front of his manager.

### Questions:

1. On an HR practitioner point of view, what should Adam do to resolve the issue?
2. Roy is very unhappy with Adam and holds it against him even though all has been done and followed up. What should Adam as HR do to resolve this and should Jean, as Adam’s manager do something?
3. What role does Roy’s manager play in this issue and should he be implicated?

**Case Study-2**

Satish was a sales manager for the city branch of the Industrial Products Company. He was promoted a week ago and moved to the Head Office as Deputy Manager - Product Marketing for a section of items which he did not know very well. Three days ago, a meeting of all product managers was called by the VP of the company, Mr. George. Because of some other issues, Satish’s new boss (Product Manager Ketan) was not able to attend. Therefore, Preet, the Marketing Director, asked Satish to attend the meeting as it would give him an overview of his new position. Satish was introduced quite briefly to the VP at the beginning of the meeting by Preet. The conference began with a VP address and soon it got into a series of questions from him to all the product managers. For every single product of the business, George, of course, was extremely thorough and he was considered to be pushy and a blunt veteran in the field. Most of the product managers were very informed about George’s working methods and had prepared for the meeting extensively and given answers to the point. George began with Satish though.

Being new to the brand, Satish was very confused and fared miserably. Preet realized instantly that George may have neglected to note that Satish was new to the job. He was thinking of interrupting the questioning of George and of giving a discreet reminder that Satish was new. But at that time, George, who was quite upset with Satish’s lack of preparation, made a public statement, “Gentlemen, you’re seeing an example of sloppy work here, and this can’t be an excuse.”Now Preet was in two minds—should he interrupted George and informed him that Satish was new in that role, OR should he wait until the end of the meeting and privately tell George. Preet decided on the second choice. Satish was clearly upset at George’s treatment, but he preferred to remain quiet as well. George immediately closed the meeting, saying that he saw a lack of planning in the department in general and asked Preet to stay in the room for further discussions. Before Preet could offer any explanation about Satish, George asked him, “Tell me openly, Preet, was I too rough with that boy?” Preet responded “Yes, you were. In fact, I was about to remind you that Satish is new to the job.” George explained that during the meeting, the fact that Satish was new to the job didn’t quite register with him. George admitted he had made a mistake and asked his secretary to immediately have Satish report to his office. After several minutes, a perplexed and uneasy Satish reported to George’s room. George looked straight through his eyes at Satish and said, “I have done something which I should have never even thought of and I want to apologize to you. It is my mistake that I did not recollect that you were new to the job when I was questioning you.” Satish had been rendered speechless. George continued “ I’d like to say a few things to you clearly. Your role is to make sure that people like me and your managers don’t make dumb decisions. We have strong faith in your expertise, and that’s why we brought you to the Head Office. It takes time for everybody to develop. In three months, I’m going to expect you to know all the complexities about your product. Before then, you have my full confidence.”

George closed the conversation with Satish with a strong, reassuring handshake.

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### Questions:

1. Was it at all necessary for George to apologize to such a junior employee like Satish?
2. If you were in Satish’s place, how would you to respond to George’s apology?
3. Was George correct in saying that Satish is there to correct the “stupid mistake” of his boss and George?
4. Would you employ George in your company?
5. Did Preet make a mistake by not intervening during the meeting and correct George’s misconception about Satish?
6. As an HR man, how would you define the character of George - bullying but later

regretting? Does his attitude need to be corrected?

1. Would you be happy to have George/Preet as your boss?

# Module-II: Acquisition of Human Resources

**Fundamentals of Human Resource Management** 53

## Structure

### Unit-2.1: Objectives of Human Resources Planning

* + 1. Definitions of Human Resource Planning
    2. Concept of Human Resource Planning
    3. Objectives of Human Resource Planning
    4. Need of HR Planning
    5. Importance of Human Resource Planning
    6. Types of Human Resource Planning

### Unit-2.2: Policies and Process of Human Resource Planning

* + 1. HR Planning Process
    2. HR Planning at Different Levels

2.2.4 Why are HR Policies, Procedures and Practices Important?

### Unit-2.3: Job Analysis

* + 1. Job Analysis – Concept
    2. Purpose of Job Analysis
    3. Job Analysis – Process
    4. Methods of Job Analysis
    5. Problems Faced with Job Analysis
    6. Advantages of Job Analysis
    7. Job Description
    8. Job Specification Job Design
    9. Job Design - Concept
    10. Approaches to Job Design
    11. Issues in Job Design
    12. Factors Affecting Job Design
    13. Job Redesign, Job Rotation
    14. Job Evaluation
    15. Job Enrichment
    16. Job Enlargement

### Unit-2.4: Recruitment

* + 1. Recruitment - The Concept
    2. Sources of Recruitment: Internal Sources of Recruitment

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* + 1. External Sources of Recruitment
    2. Recruitment Process
    3. Factors Influencing Recruitment

2.4.7 Current & Future Recruitment Strategies Selection

* + 1. Significance of Selection
    2. Steps/Process of Selection
    3. Types of Selection Tests
    4. Difference between Recruitment & Selection

### Unit-2.5: Induction Process

* + 1. Induction in Associations- The Concept
    2. An induction Programme, its Need
    3. Objectives of Induction Programme
    4. Induction Programme - the Process, who should do the Induction

### Unit-2.6: Placement Process

* + 1. Placement - The Concept & Definition
    2. Importance of Placement in Associations

**Case Study-1 Case Study-2**

# Unit-2.1: Objectives of Human Resources Planning

## Objectives

### At the end of this unit you will be able to comprehend:

* Definition, Concept and Nature of Human Resource Planning
* Objectives, Need and Importance of Human Resource Planning
* Types of Human Resource Planning

## Introduction

Human resources unquestionably play the most vital element in the functioning of an association. “The term ‘resource’ or ‘human resource’ signifies potentials, abilities, capacities, and skills, which can be developed through continuous interaction in an organizational setting.”

The interactions, interrelationships, as well as activities performed all add in some manner or other to the development of human potential. Organizational productivity, development of companies, plus economic growth is to a large degree reliant on the efficient utilization of human capacities.

Therefore, it is necessary for any association to take steps for effective and efficient utilization of these assets. In a variety of stages in the expansion of an organization, effective planning of human resources plays a very vital position. Matching the requirements of the job with the individual is significant at all stages, counting the recruitment procedures,

## Definitions of Human Resource Planning

HRP as given by different experts:

Vetter opines that, “it is the process by which management determines how the organisation should move from its manpower position to its desired manpower position to carry out integrated plan of the organisation.”

According to Geisler, “Manpower planning is the process –including forecasting, developing and controlling by which a firm ensures that it has-

* + - 1. The right number of people,
      2. The right kind of people,
      3. At the right places,
      4. At the right time, doing work for which they are economically most useful”. HRP is the personnel function which is essentially focused with procurement,

development, compensation, integration plus maintenance of the employees of an organization for the principle of contributing towards the combined accomplishments of the organization’s objectives as well as employees’ individual goals.

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***“Personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions.”***

*EdwedB. Philippo–*

## Concept of Human Resource Planning

Human resources are the most vital possessions of any association. The achievement or collapse, expansion and development of the association confide in human resources. The association should consequently obtain knowledgeable, skillful, trained, talented plus potential human resources to attain and accomplish the organizational objectives. A good concern needs to be taken in their attainment. The human resource planning provides essential course in this regard to the human resource management in the light of overall organizational objectives.

The organizational ambitions establish the required number, type as well as kind of human assets and for their acquisition the procedure of human resource planning begins. The human resource planning bridges the gap between the organizational plans and human resource management. It is a cognizant determination of course, formation and composition of human resources of the association. The Human resource planning caters the essential groundwork and set the theater ready for labor procurement to fill up a variety of positions in the association.

The human resource planning must be in tune with the human resource policy of the association. Human resources are the most precious intellectual assets; therefore their arrangement should be prepared vigilantly. Associations used to disregard people as they cannot set up ownership over them just like in case of various other assets. Currently it has been realized that disregarding human resources may cost greatly to the association. Humanresource planning aid in tracing a path, finding a mode for acquiring human resources.

### Meaning and Nature of Human Resource Planning:

Human resource planning determines the movement of the association from the current human resource position to the much anticipated one. It is hence a process which determines and guarantees the required amount and kind of individuals at proper time along with proper places to achieve the organizational objectives.

***“Human resource planning is, “a process of determining and assuring that the organisation will have an adequate number of qualified persons, available at proper times, performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”***

*Dale. S. Beach–*

The human resource planning is an incessant procedure of searching the exact kind and number of individuals at right time as well as at right places, to perform in the association bringing benefits to the venture and people. The human resource planning should be in harmony with the overall planning of the association.

A correctly implemented human resource planning often leads to improvement in productivity and assists in attaining enterprise objectives. It eventually also helps in decreasing labor turnover. Human resource planning enables administration in placing right individuals in right positions at right instance. This is possible if the human resource department is well integrated into the association’s functioning and is given a free hand to play its position.

The forecasting of human resources need should be carefully done and obtain them in advance as far as possible. Effective planning guarantees the association with the right number and kind of individuals with proper skills and capabilities at the most suitable time. The human resource planning may aspire at short, medium or long- term. The short term human resource planning may deliberate only on recruitment and selection of personnel’s, whilst medium term human resource planning aspires to make provisions for training plus development of human resources distant from their acquisition.

The long-term human resource planning has broad- ranging intend in sight therefore, concentrates on their acquisitions, training as well as growth, health, welfare and safety, determining wages, salaries, bonuses and various other fringe benefits, preserving human resources information system, performance evaluation, career planning, managing stress counseling and so on. The human resource development involves long term planning. This will guarantee association’s development along with growth. Each association has to pass through a variety of stages of expansion. Human resource planning adopted by the association differs in accordance with the diverse stages.

During infancy of the association the human resource planning is according to the needs of the association. During this stage government also provides various concessions such as taxes holiday, power at low rate and so on. The objective is to let the enterprise grow and evolve. In the growing association human resource planning acquires a new dimension of anticipating for human resources and cares for their development. The entirely grown and established association often adopts long-term human resource planning.

The supply of existing human resources and their potentialities is taken, performances are estimated. The association can expand and keep human resources information in a computer software moreover make it accessible to all line and human resource managers to make an at hand evaluation of human resource inventory which helps in planning for human resources.

The human resource planning is taking stock (store) of existing human resource inventory and forecasting the call for upcoming time. The human resource information system can play an encouraging position in decision-making process when talked in this regard. This makes effortless for the managers to make decisions in reference to recruitment, promotion, transfer, training as well as wage fixing.

Human resource planning is the decision making process regarding procurement, development, compensation, information, welfare, appraisal plus safety of human resources. It is a process of visualizing the associational plans and objectives into an actuality by providing quantitative and qualitative human resource requirements through their proper utilization.

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The formulation as well as preference of human resource planning depends upon the category and kind of association. It may have a preference for short term or long- term, flexible or rigid human resource planning. It chiefly depends in turn upon the strategy adopted through the association.

Human resources are versatile as well as multifaceted resources. They not only vary in their capabilities, skills, potentialities, abilities, eagerness, and techniques but in addition own more than one quality. Human resource planning takes into description the stock of these characteristic or typical skills inventory maintained by the human resource department while forecasting for the potential requirement.

The overall associational plan is incorporated with human resource plan. Human resource determines also sets the objectives for performing human resource functions of acquirement, development, compensation, promotion, acquisition, transfer, retention, termination, retirement, welfare, safety to aid accomplishment of corporate goals.

## Objectives of Human Resource Planning

In an enterprise, the most fundamental objectives of Human Resource Planning are the following:

* Assessing human resource requirements for future and making plans for recruitment and selection;
* Assessing skill needs in future;
* Assessing the surplus or shortage of human resources and avoiding unnecessary dismissals.

**Objectives of Human Resource Planning:**

|  |  |
| --- | --- |
| **The following are the important objectives of human resource planning in an enterprise** | |
| 1 | Making assessment human resource requirements for future and making plans for recruitment and selection. |
| 2 | Assessing skill needs in future. |
| 3 | Deermining training and development needs of the enterprise. |
| 4 | To assess the urplus or shortage of human resources and avoiding unnecessarry dismissals. |
| 5 | To minimize imbalances caused due to non-availability of human resources of right kind, right number in right time and at the right place. |
| 6 | Ensuring optimum use of existing human resources in the enterprise. |
| 7 | Keeping the enterprise ready to meet with the technological development and modernization. |
| 8 | controlling wage and salary costs. |
| 9 | Ensuring higher labor productivity. |
| 10 | Ensuring career planning of every employee of the enterprise and making succession programmes. |

## Need of HR Planning

Human resource planning is often viewed as foreseeing the human resource needs of an association and providing of human resources.

### Replacement of Persons:

Because of retirement, old age, death etc., a good number of employees are to be replaced in the business. There would also be a need to plan and train individuals to take up vacant jobs in an organization.

### Labour Turnover:

In all businesses, workforce turnover takes place. The degree labor turnover, however, can differ from company to company, but it cannot be eliminated entirely. In order to take up the positions of those who have left the organization, there is always a need to hire new workers.

If the company is able to accurately predict the turnover rate, attempts are made in advance to hire and train workers so that work does not suffer due to the lack of employees.

### Expansion Plans:

Whenever there is a proposal to expand or diversify the enterprise, more employees will be needed to occupy new jobs. In such situations the human resource planning is necessary.

### Technological Changes:

With research and new inventions, technological changes are coming rapidly. There may be a need to provide workers with new training. There may also be a need to infuse fresh blood into the company, in addition. Human resource planning will be helpful in coping to the new demands of the enterprise.

### Assessing Future Requirements:

In order to determine if there are any shortage or surplus employees in the organization, human resource planning is also needed. If there are fewer workers than expected, the job would be badly affected. In the other hand, if there are more people employed than necessary, labor costs would raise, etc. Planning for human resources guarantees the jobs of the right workers.

## Importance of Human Resource Planning

### Assessing Future Personnel Needs:

Regardless of whether it is excess work or work lack, it gives an image of inadequate arranging or absence of preparation in an association. Various associations’ particularly public sector units (PSUs) in India are dealing with the issue of excess work.

It is the end result of surplus labor that the corporations in a while provide schemes like Voluntary Retirement Scheme (VRS) to put off surplus staff. Thus, its miles higher

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to devise nicely approximately personnel in advance. Through HRP, one could make certain the employment of right variety and form of personnel.

### Foundation for Other HRM Functions:

HRP is step one in all HRM capabilities. So, HRP affords the vital data wanted for the alternative HRM capabilities like recruitment, selection, education and development, promotion, etc.

### Coping with Change:

Changes within side the commercial enterprise surroundings like competition, technology, authorities guidelines, international market, etc. carry adjustments within side the nature of the job. This way adjustments in the call for of personnel, content material of job, qualification and revel in needed. HRP allows the business enterprise in adjusting to new adjustments.

### Investment Perspective

As anend result of change in the attitude of management, funding in human assets is considered as a higher idea ultimately achievement of the enterprise. Human property can boom in pricein preference to bodily property. Thus, HRP is taken into consideration essential for the right making plans of destiny employees.

### Expansion and Diversification Plans:

During the growth and diversification drives, greater personnel at various tiers are needed. Through right HRP, company involves recognize approximately the precise requirement of employees in destiny plans.

### Employee Turnover:

Every enterprise suffers from the small turnover of labor, someday or the other. This is excessive amongst younger graduates in then on-public sector. This necessitates once more doing manpower making plans for similarly recruiting and hiring.

### Conformity with Government Guidelines:

In order to defend the weaker sections of the society, the Indian Government has prescribed a few norms for companies to follow. For example, reservations for SC/ST, BC, bodily handicapped, ex-servicemen, etc. in the jobs. While making plans for clean candidates, HR supervisor takes into attention all of the Government guidelines.

### International Expansion Strategies:

International expansion strategies of an organization depend upon HRP. Under International Human Resource Manage¬ment (IHRM), HRP will become greater challenging. An organization may also need to fill the overseas subsidiary’s key positions from its domestic United States of America personnel or from host-united states of America or from a rhodonite States of America. All this needs very powerful HRP.

### Having Highly Talented Manpower Inventory:

Due to regularly changing enterprise environment, jobs have turn out to beextratough and there may be a growing want for dynamic and bold personnel to fill the positions. Efficient HRP is wanted for attracting and keeping properly qualified, prettyprofessional and gifted personnel.

* + 1. **Types of Human Resource Planning**

The major components of Human Resource Planning to reach organisational goals, must be employee recruiting, development and retention. It must also be analysed that the current workforce is aligned with future employment needs. Attracting, training and retaining quality employees allows human resources to use different types of planning to meet future workforce requirements.

### Workforce Forecasting

To reach the organisation’s strategic objectives, human resources needs to consider the kind of workforce that will be needed in the future. Workforce forecasting is a major component of human resource planning and includes analyzing of its current workforce and comparing it to future requirements to discover what gaps and surpluses exist.

### Recruiting

Achieving strategic objectives through the human resource element includes attracting and recruiting quality employees. Benefits, compensation, organisational structure and employee growth or advancement are key elements for finding and hiring good employees. Planning the recruiting process with these pointers in mind will assist with future employee selection.

### Development

Development or training is a type of human resource planning that targets on how it can improve the current and future workforce. Training and development programs improve specific work-related skills and more general skills like customer service or sales training, at the same time. Training and retraining programs can also focus on decreasing current and future liability issues related to workplace safety.

### Retaining

Planning for the retention of employees can be an tedious task, as it is difficult to prevent employees from looking at other employment opportunities. Human resources can assist to reduce this likelihood by planning retention programs that target on employee recognition, rewards, advancement or growth, a work-life balance and employee growths.

“HRP based on quantitative analysis in order to ensure that the right number of the right sort of people are available when needed is called Hard Human Resource Planning. HRP concerned with ensuring the availability of people with the right type of attitudes and motivation and commitment to the organization is called Soft Human Resource Planning. Marching ton and Wilkinson (1996) describe that “Soft Human

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Resource Planning is more explicitly focused on creating and shaping the culture of the organization so that there is a clear integration between corporate goals and employees values, beliefs and behaviors”. They also observe that “the soft version becomes virtually synonymous with the whole subject of Human Resource Management”.”

### Check Your Understanding

1. Marching ton and Wilkinson describe that “ Planning is more explicitly focused on creating and shaping the culture of the organization so that there is a clear integration between corporate goals and employees values, beliefs and behaviors”.
2. Human resource planning determines the movement of the association from the current human resource position to the much anticipated one. State true or false.
3. The term ‘ ’ signifies potentials, abilities, capacities, and skills, which can

be developed through continuous interaction in an organizational setting.

### Summary

The human resource planning is taking stock (store) of existing human resource inventory and forecasting the call for upcoming time. The human resource information system can play an encouraging position in decision-making processwhen talked in this regard. This makes effortless for the managers to make decisions in reference to recruitment, promotion, transfer, training as well as wage fixing.

Human resource planning is the decision making process regarding procurement, development, compensation, information, welfare, appraisal plus safety of human resources. It is a process of visualizing the associational plans and objectives into a actuality by providing quantitative and qualitative human resource requirements through their proper utilization. The interactions, interrelationships, as well as activities performed all add in some manner or other to the development of human potential.

### Activity

1. While developing specific objectives of human resource planning certain questions

need to be addressed. Form a list of questionnaires in this reference.

1. Forecasting demand for human resources is good for several reasons. Make a list regarding the same.

### Questions and Exercises

1. Discuss the types of Human Resource Planning.
2. Define Human Resource Planning.
3. Elaborate the significance of Human resource planning.
4. Why do we need HR planning?
5. Give a brief account of concept behind HR planning and its nature.

### Glossary

* **Resource**: a stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively.
* **Quantitative analysis**: analysis of a situation or event, especially a financial market, by means of complex mathematical and statistical modeling.

### Further Readings and Bibliography

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### Answers to Check Your Progress

1. Soft Human Resource
2. True
3. Resource

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# Unit-2.2: Policies and Process of Human Resource Planning

## Objectives

### At the end of this unit you will be able to comprehend:

* Policies and Process of Human Resource Planning
* HR Planning Process
* HR Planning at Different Levels
* Factors Affecting HR Planning
* Importance of HR Policies, Procedures and Practices

## Introduction

***“Human resource planning is an integrated approach to performing the plan- ning aspects of the personnedl function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet associational objectives and satisfy the individual needs and goals of associational members.”***

*Leon c. Meggainson–*

Human useful resource making plans can be considered as foreseeing the human useful resource necessities of an affiliation and the destiny deliver of human sources and:

* 1. making important changes among those and associational plans; and
  2. foreseeing the opportunity of growing the supply of human sources in an effort to suit it with necessities through introducing important modifications in the features of human useful resource management. In this definition, human useful resource method skill, knowledge, values, ability, commitment, motivation, etc., similarly to the number/of employees. Human useful resource making plans (HRP) is step onein the HRM process.

HRP is the process by which an organization ensures that it has the right number and kind of people, at the right place, at the right time, capable of efficaciously and correctly finishing the ones obligations in an effort to assist the agency obtain its typical objectives.

HRP interprets the employer’s goals and plans into the wide variety of peoplehad to meet the ones goals. The real HRM procedure begins with the estimation of the wide variety and type of human beings required via way of means of the employer for the approaching period.

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

## HR Planning Process

The Human Resource Planning is a process of forecasting the organization’s demand for and supply of manpower needs in the near future.

### Human Resource Planning Process

Determining the Objectives of Human Resource Planning: The main step in each manner is the willpower of the goals for which the manner is to be carried on. The goal for which the manpower making plans is to be completed have to be described precisely, in order to make sure that a proper quantity of human beings for the proper sort of process are selected. The goals can range throughout the numerous departments in the business enterprise including the employees call for can also additionally vary in marketing, finance, production, HR department, primarily based totally on their roles or functions.

Analyzing Current Manpower Inventory: The next step is to analyze the current manpower supply in the organization through the stored information about the employees in terms of their experience, proficiency, skills, etc. required to perform a particular job.

Also, the destiny vacancies may be estimated, in order to devise for the manpower from each the internal (inside the contemporary employees) and the external (hiring applicants from outside) sources. Thus, it is to be ensured that reservoir of talent is maintained to meet any vacancy arising in the near future.

Forecasting Demand and Supply of Human Resources: Once the stock of proficient manpower is maintained; the following step is to fit the call for the manpower bobbing panhysterectomy with the deliver or to be had assets with the organization. Here, the specified capabilities of employees for a selected process are matched with the process description and specification.

Analyzing the Manpower Gaps:After forecasting the call for and deliver, the manpower gaps may be without problems evaluated. In case the call for is greater than the supply of human resources, which means there may be a deficit, and thus, new applicants are to be hired. Whereas, if the Demand is much less than deliver, there arises a surplus in the human resources, and hence, the personnel should be eliminated both in the shape of termination, retirement, layoff, transfer, etc.

**Employment Plan/Action Plan:** Once the manpower gaps are evaluated, the movement plan is to be formulated accordingly. In a case of a deficit, the corporation may match both for recruitment, training, interdepartmental switch plans while in the case of a surplus, the voluntary retirement schemes, redeployment, switch, layoff, might be followed.

**Training and Development:** The training isn’t always handiest for the brand number-cruncher for the prevailing personnel who’re required to replace their skills from time to time. After the employment plan, the training programmes are carried out to equip the brand new personnel in addition to the antique ones with the needful skills to be finished on a selected job.

Appraisal of Manpower Planning: Finally, the effectiveness of the manpower making plans manner is to be evaluated. Here the human useful resource plan is as

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compared with its real implementation to make sure the supply of some of personnel for numerous jobs. At this stage, the company has to determine the achievement of the plan and manage the deficiencies, if any.

Thus, human resource planning is a continuous process that begins with the objectives of Human Resource planning and ends with the appraisal or feedback and control of the planning process.

## HR Planning at Different Levels

Different establishments make HRP at special tiers for his or her personal purposes, of which countrywide degree, enterprise degree, unit degree, departmental degree and process degree are important.

1. **National Level** – Generally, authorities on the centre plan for human sources on the countrywide degree. It forecasts the call for and supply of human resource, for the complete nation.
2. **Sector Level** – Manpower requirements for a particular sector like agricultural sector, industrial sector or tertiary sector are projected based on the government policy, projected output/operations, etc.
3. **Industry Level** – Manpower desires of a selected enterprise like cement, textiles, chemical are anticipated contemplating the output/operational degree of that specific enterprise.
4. **Unit Level** –This covers the estimation of human useful resource desires of an

affiliation or agency primarily based totally on its corporate/enterprise plan.

1. **Departmental Level** – This covers the manpower desires of a selected branch in an agency.
2. **Job Level** – Manpower desires of a selected process own circle of relatives inside branch like Mechanical Engineer is forecast at this degree.
3. **Information Technology** – The effect of facts generation on enterprise activities, human useful resource requirement and human useful resource plan is significant. It calls for multi professional experts, ideally much less in number.

## Factors Affecting HR Planning

Numerous factors influence HRP. These factors can be classified into external factors and internal factors.

|  |  |  |
| --- | --- | --- |
| **External Factors** | | |
| 1 | Government Policies | Policies of the government like labor policy, ;industrial relations policy, policy towards reserving certain jobs for different communities and sons-of the soil, etc. affect the HRP. |
| 2 | Level or Economic Development | Level of economic development determines the level of HRD in the country and thereby the supply of human resources in the future in the country. |
| 3 | Business environment | External business evvironmental factors influence the volume and mix  of production and thereby the future demand for human resources. |

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| 4 | Level of Technology | Level of technology determines the kind of human resources required. |
| 5 | International Factors | International factors like the demand for resources and supply of human resources in various countries. |
| 6 | Outsourcing | Availablility of outsourcing facilities with required skills and knowledge of people reduces the dependency on HRP and vice-versa. |

|  |  |  |
| --- | --- | --- |
| **Internal Factors** | | |
| 1 | Company policies and strategies | Company policies and strategies relating to expansion, diversification, alliances, etc. determines the human resource demand in terms of quality and quantity. |
| 2 | Human resource policies | Human resources policies of the company regarding quality of human resource, compensation level, quality of work-like, etc., influences human resource plan. |
| 3 | Job analysis | Fundamentally, human resource plan is based on job analysis, job description and job specification determines the kind of employees required. |
| 4 | tiem horizons | Copmpanies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short term range. |
| 5 | type and quality of information | Any planning process needs qualitative and accurae information. This is more so with human resource plan; strategic, associational and specific information. |
| 6 | comapany’s production operations policy | Company’s policy regarding how much to produce and how much to buy from outside to prepare a final product influence the number and kind of people required. |
| 7 | Trade unions | Influence of trade unions regarding number of working hours  per week, recruitment sources, etc., affect the HRP. |

## Why are HR Policies, Procedures and Practices Important?

HR policies may be defined as “guidelines, procedures, codes and regulations adopted by management to guide workplace activities within acceptable limits, which are communicated through a summarized statement called policy statement and implemented through instructions referred to as policy directives.”

These policies and procedures are important as they serve up multifold significant functions:

* + - * Communicate values and expectations for how things are conducted at your organization
      * Keep the organization in compliance with legislation and lay out protection against employment claims
      * Document and implement best practices suitable to the organization
      * Encourage consistent treatment of staff, fairness and transparency
      * Help management to take up decisions that are consistent, uniform and predictable

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* + - * Safeguard individuals and the organization from the pressures of expediency Organizations mainly have written policies in the following areas:
      * Code of Conduct
      * Confidentiality
      * Conflict of Interest
      * Working Conditions
      * Attendance
      * Hours of Operations
      * Termination (Voluntary and Involuntary)
      * Recruitment
      * Compensation
      * Performance Management
      * Learning and Development
      * Benefits and Eligibility
      * Overtime
      * Privacy
      * Employee Information
      * Bereavement Leave
      * Compassionate Leave
      * Vacation
      * Sick Leave, Short-term Disability, Long-term Disability
      * Maternity, Parental, and Adoption Leave
      * Unpaid Leave
      * Jury Duty
      * Family Leave
      * Grievance/Conflict Resolution
      * Formal Complaint Process
      * Disciplinary
      * Discrimination and Harassment/Respectful Workplace
      * Health and Safety
      * Accident Reporting
      * Workplace Violence
      * Alcohol and Drug Use Policy
      * Use of Company Equipment

### Unique HR Practices Regarding Recruitment at Tata Steel Group

A Fortune 500 company, the Tata Steel Group is the globe’s second most geographically diversified steel producer, generating employment for around 80,000 people/folks across five continents in nearly 50 countries across the globe. The Group’s

imaginative and prescient is to turn out to be the world’s metal enterprise benchmark in ‘Value Creation’ and ‘Corporate Citizenship’ through manner of the distinction of its people, its modern technique and average conduct.

### Unique HR Practices Regarding Recruitment

Tata Steel has always endeavored to offer few of the best HR practices, and the recruitment process is no exception.

The recruitment process is distinctive as it entails identifying talent from the pool through various practices. Some of them can be enumerated as follows:

**Notes**

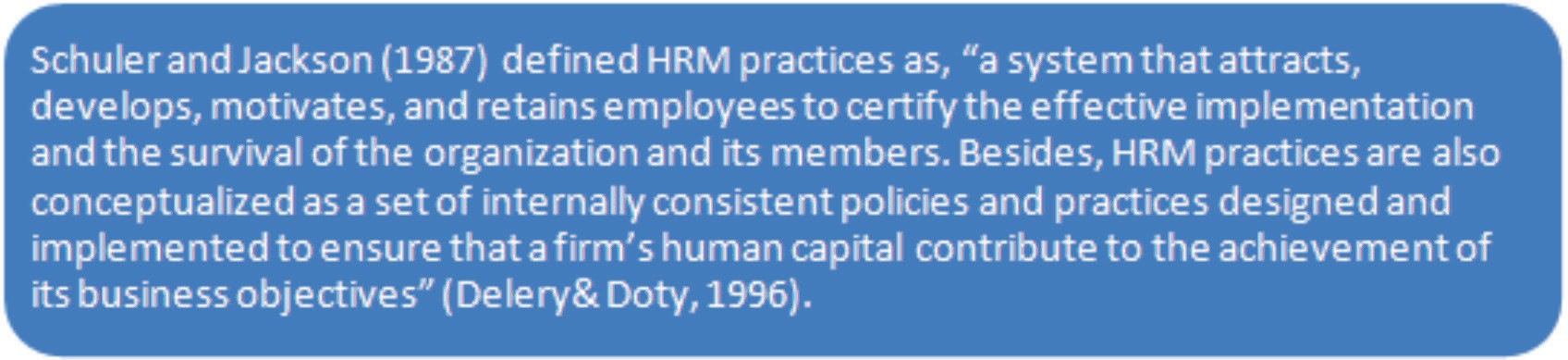
|  |  |
| --- | --- |
| Opportunities for employee wards | Domain wise written test, assessment centre, personal interview. |
| Lateral Recruitment process | Tata steel also selects talent through Lateral Recruitment process which involes interview by HR, subject matter expert and personal interviews. |
| Group Migration Policy | Group Migration Policy for the employees, which enable the group employees to explore opportunities to work at Tara Steel from other group companies. |
| Career opportunities | Tata Steel provides career opportunities for down the line people and internal job postings ensuring that the best talent pool deserves the right opportunity in bringing the best practices in the company. |
| Campus Selection | B-Schools, T-Schools written test followed by psychometic test, and personal interview. |

These HR practices are vital as they can play three major roles which include:

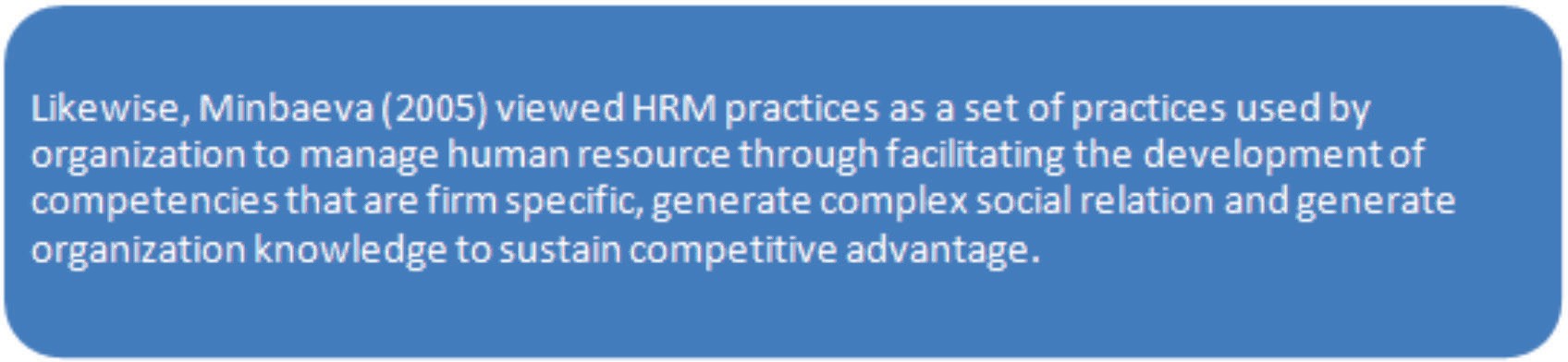
(I) Enhancing critical organizational capabilities

1. Amplify employee satisfaction
2. Upgrade customer and shareholder satisfaction

Efficient HR practices do make a difference in the working efficiency of the organization. They enhance internal capabilities of an organization to accord l with current or future challenges to be faced by an organization. Good Human Resource practices also foster the well-being of the employees of the organization. The commitment and motivation developed through good Human Resource practices can lead to hard work and can have a very good impact on the organization. This system, comprising of good HR practices can produce a sustainable and lasting capability of the organization to handle itself internally and face external challenges.



**Notes**

Against this backdrop, we concluded that HRM practices relate to specific practices, formal policies, and philosophies that are formulated to attract, develop, motivate, and retain employees who lead to the effective functioning and survival of the organization.

### HR Practices are listed below:

* + - * HR Planning
      * Recruitment and Selection
      * Induction
      * Training and Development
      * Performance Appraisal
      * Career Planning
      * Fringe Benefits
      * Reward and Recognition
      * Welfare Activities as per Statutory Requirement
      * Safety, Health and Environment Policy
      * Suggestions Scheme
      * Promotion and Transfers
      * Exit Policy

HR Practices have a continuing and remarkable influence on the working output of the employee. The remarkable practices in the industry should cope with challenges such as an increasing number of employees, encountering current working environments, cultures, restructuring and the pervasive and often deleterious effects of technology. The changing Practices in Human Resources will be useful to the organization, as it will decrease the expenditure on the employee while increase his productivity. Therefore, it is expected of the HR managers to execute these changes effectively for the improvement of the organization. By implementing some of the innovative HR practices, the quality of internal organizational processes enhances dramatically. (Rao, 1999)

### Check Your Understanding

1. Manpower desires of a selected enterprise like cement, textiles, and chemical are anticipated contemplating the output/operational degree of that specific enterprise. The above sentence is in the reference of Sector Level or Industry Level?
2. HRP is a sub-system in the total organizational planning. State true or false.

### Summary

HRP is the process by which an organization ensures that it has the right number and kind of people, at the right place, at the right time, capable of efficaciously and correctlyfinishingthe ones obligations in an effort to assist the agency obtain its typical objectives. The interactions, interrelationships, as well as activities performed all add in some manner or other to the development of human potential.

The real HRM procedure begins with the estimation of the wide variety and type of human beings required via way of means of the employer for the approaching period. Themain step in each manner is the willpower of the goals for which the manner is to be carried on. The goal for which the manpower making plans is to be completed have to be described precisely, in order to make sure that a proper quantity of human beings for the proper sort of process are selected.

### Activity

1. Formulate a list of strategies and policies for human resource planning.
2. Of the areas of focus in HRM, which one do you think is the most important? Rank them and discuss the reasons for your rankings.

### Questions and Exercises

1. Why are HR Policies, Procedures and Practices Important?
2. List some HR Practices.
3. Policies serve up multifold significant functions. What are they?
4. What are the various factors affecting HR Planning? Differentiate between Internal and External factors.

### Glossary

* **Policies:** a course or principle of action adopted or proposed by an organization or individual.
* **Departmental level:** This covers the manpower desires of a selected branch in an agency.

### Further Readings and Bibliography

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### Answers to Check Your Progress

1. Industry level
2. True

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# Unit-2.3: Job Analysis

## Objectives

### At the end of this unit you will be able to comprehend:

* Concept – Job Analysis
* Purpose, Process and Methods of Job Analysis
* Problems Faced with Job Analysis
* Advantages of Job Analysis
* Job Description
* Job Specification
* Job Design – Concept
* Approaches to Job Design
* Issues in Job Design and Factors Affecting it
  + Job Redesign and Job Rotation
  + Job Evaluation, Job Enrichment and Job Enlargement

## Introduction

“A job analysis is one of the most critical human resource management tasks, with linkages to virtually all HR responsibilities. In this section, we’ll describe the purpose of job analysis, identify the steps in the job analysis process, identify inputs to and describe the job analysis process.”

## Job Analysis – Concept

In straightforward words, a job might be perceived as a division of absolute work into bundles/positions. As indicated by Dale Yoder ‘, “A job is an assortment or conglomeration of undertakings, obligations and responsibilities which overall, is viewed as an ordinary task to singular representatives and which is not the same as different tasks”. Accordingly, a job might be characterized as a gathering of positions including a few obligations, duties, information and abilities.

Job analysis or investigation is an efficient and definite assessment of occupations. It is the way toward gathering data about a work — that is, the information, aptitudes, and the experience expected to complete a work adequately. The jobholder should have work related information helpful to do the work without any problem.

Job analysis is the system of collecting and reading records approximately the content material and the human necessities of jobs, as properly as, the context in which jobs are performed. This system is used to decide placement of jobs. Under NU Values the decision-making on this location is shared with the aid of using devices and Human Resources.

Specific internal approval processes will be determined by the unit’s organizational leadership.

“Job analysis defines the organization of jobs within a job family. It allows units to identify paths of job progression for employees interested in improving their opportunities for career advancement and increasing compensation.”

Traditionally, the process of job analysis can be stated as the process in which full information about the job is obtained. In this process all the information regarding duties, responsibility, outcomes, necessary skills as well as the work environment of a particular job is collected. It can also be called as the process of defining a job in terms of its component tasks /duties and also the knowledge/skills needed for performing them.

Precisely, process of Job Analysis is about:

* Job Tasks
* Job Duties
* Job Responsibilities

This process is undertaken mostly on three occasions.

* when the organisation is newly established;
* when the jobs in an organisation are newly created;
* when the jobs undergo transformation due to updation of technologies, methods, procedures and systems.

Several procedures are followed in the process of Job Analysis as it plays an important role in recruitment and selection, job evaluation, job designing, deciding compensation and benefits packages, performance appraisal, analyzing training and development needs, assessing the worth of a job and increasing personnel as well as organisational productivity. Job description and job specification both hold importance in human resource management as they go hand in hand although are very different from one another.

The job description defines role, responsibilities and duties to be performed on employment position and at the same time job specification may be a particular set of skills or attributes required during a candidate to perform that job. The need for preparing employment description arises when the work analysis is completed. However, job specification is formed by the small print of employment description.

The essential components of the work description are employment title, job location, role, responsibilities, duties, salary, incentives and allowances. And job specification includes personal attributes, skills, knowledge, educational qualification and knowledge. The job description is that the description of the work profile which needs job specification where the specification of eligibility criteria for that job profile is provided.

In other words, we can say that description is that the reflection of what the corporate is getting to offer to the candidate. And job specification emphasizes the company’s demands and requirements from the acceptable candidate.

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For a person’s resource manager, employment description may be a tool for providing the required information for a job position. However, job specification is important for matching the candidate’s attributes thereupon job position.

During the method of recruitment, description and job specification hold equal importance though both are far more different from one another.

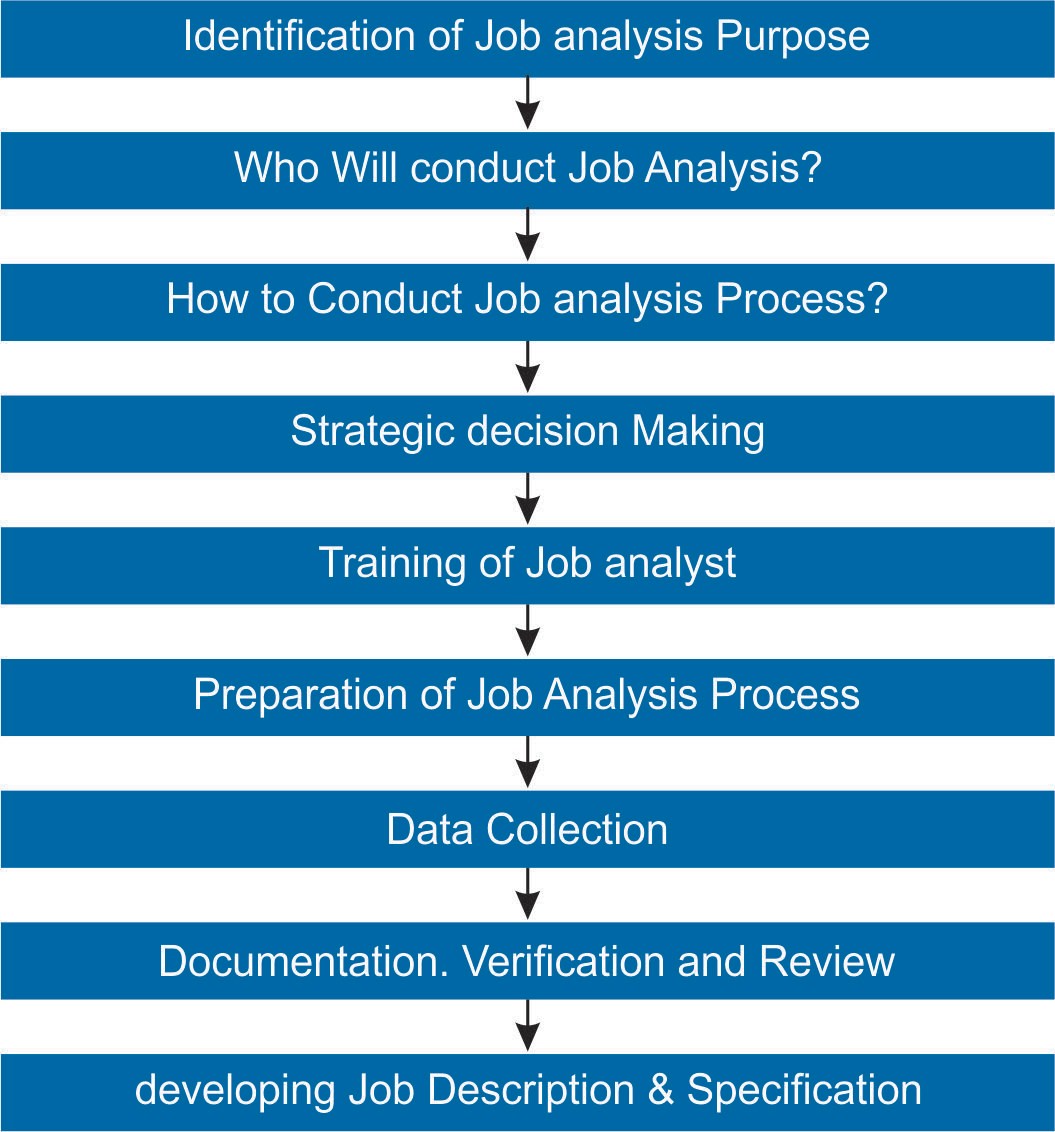
## Purpose of Job Analysis

Analysis performs an vital position in recruitment and selection, activity evaluation, activity designing, determining reimbursement and advantages packages, overall performance appraisal, studying schooling and improvement needs, assessing the really well worth of anactivity and growing employees in addition to organizational productivity.

1. **Recruitment and Selection:** Job Analysis aids in determining what type of individual is needed to carry out a particular work. It points out the educational qualifications, level of experience and technical, physical, emotional and personal skills required to carry out a job in desired fashion. The aim is to fit a right individual at a right position
2. **Performance Analysis:** Job evaluation is carried out to test if dreams and goals of a selected activity are met or not. It allows in determining the overall performance standards, assessment standards and individual’s output. On this basis, the general overall performance of aworker is measured and she or he is appraised accordingly.
3. **Training and Development:** Job Analysis may be used to evaluate the schooling and improvement wishes of employees. The distinction among the predicted and real output determines the extent of training that want to be imparted to employees. It additionally allows in determining the schooling content, equipment and equipments for use to behavior training and techniques of training.
4. **Compensation Management:** Of course, activity evaluation performs an important position in determining the pay programs and additional perks and blessings and stuck and variable incentives of employees. After all, the pay package deal reliesupon at the position, activity name and responsibilities and duties worried in anactivity. The method publications HR managers in determining the really well worth of aworker for a selected activity opening.
5. **Job Designing and Redesigning:** The most important motive of activity evaluation is to streamline the human efforts and get the satisfactory feasible output. It allows in designing, redesigning, enriching, comparing and additionally slicing lower back and including the more duties in a selected activity. This is carried out to decorate the worker delight whilst growing the human output.

Therefore, activity evaluation is one of them a xi mum critical features of an HR supervisor or department. This allows in becoming the proper form of expertiseon the proper vicinity and on the proper time.

## Job Analysis – Process



* **Identification of Job Analysis Purpose:** Well, any cycle is pointless until its motivation isn’t recognized and characterized. In this manner, the initial stage in the procedure is to decide its requirement and wanted yield. Spending human endeavors, energy just as cash is futile until HR directors don’t have a clue why information is to be gathered and how is to be managed it.
* **Who Will Conduct Job Analysis**: The second most significant advance during the time spent occupation examination is to conclude who will direct it? A few organizations incline toward completing it by their own HR office while some recruit job analysis specialists. Job analysis consultants may end up being very useful as they offer impartial counsel, rules and strategies. They don’t have any close to home preferences with regards to dissect a job.
* **How to Conduct the Process:** Deciding the manner by which job analysis measure should be directed is most likely the subsequent stage. An arranged methodology about how to convey the entire cycle is needed to examine a particular job.
* **Strategic Decision Making:** Now is an ideal opportunity to settle on essential choice. It’s tied in with choosing the degree of representative association simultaneously, the degree of subtleties to be gathered and recorded, sources from where information is to be gathered, information assortment techniques, the handling of data and isolation of gathered information.
* **Training of Job Analyst:** Next is to prepare the work examiner about how to direct the cycle and utilize the chose strategies for assortment and recoding of job information.

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* **Preparation of Job Analysis Process:** Communicating it inside the association is the subsequent stage. HR directors need to impart the entire thing appropriately with the goal that workers extend to their full help to the employment opportunity examiner. The stage likewise includes readiness of records, surveys, meetings and criticism structures.
* **Data Collection:** Next is to gather job related information including instructive capabilities of representatives, aptitudes and capacities needed to play out the job, working conditions, job activities &exercises, announcing pecking order, required human qualities, work exercises, obligations and duties included and worker conduct.
* **Documentation, Verification and Review:** Proper documentation is done to check the validness of gathered information and afterward audit it. This is the last data that is utilized to depict a particular job.
* **Developing Job Description and Job Specification**: Now is an ideal opportunity to isolate the gathered information in to valuable data. Expected set of responsibilities depicts the jobs, exercises, obligations and duties of the work while work determination is an assertion of instructive capability, experience, individual characteristics and abilities needed to play out the work.

Subsequently, the cycle of job analysis helps in recognizing the value of explicit job, using the human ability in the most ideal way, disposing of unneeded positions and setting reasonable execution estimation principles.

## Methods of Job Analysis

Job Analysis is the method of figuring out and recording all of the pertinent facts approximately a particular activity, which include the duties involved, the information and talent set required to carry out the activity, the obligations connected to the activity and the skills required to carry out the activity successfully.

Job analysis differentiates one activity from the other, in an association, and is primarily based totally on statement and study. It is likewise known as activity evaluate or activity classification. Job analysis affords the primary basis for a few of the HR activities.

Though there are numerous strategies of accumulating activity evaluation facts but deciding on the only or an aggregate of a couple of technique relies upon the desires and necessities of corporation and the targets of the activity evaluation method.

Typically, all of the strategies cognizance on accumulating the primary activity- associated facts however while utilized in aggregate can also additionally convey out the hidden or not noted facts and show to be high-quality gear for developing an excellent activity-candidate fit.

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| --- | --- |
| **The various methods of job analysis are as follows** | |
| 1 | Observation Method. |
| 2 | Interviews Method |
| 3 | Daily Method |

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| --- | --- |
| 4 | Technical Conference Method |
| 5 | Functional Job Analysis (FJA) |
| 6 | Questionnaire Method |
| 7 | Job Inventories or Checklists |
| 8 | Job Performance Method |
| 9 | Individual Psychographic Method |
| 10 | Job Psychographic Method |
| 11 | Job analysis by Test |
| 12 | Motion Study Method |
| 13 | employee Job Diary |
| 14 | conference of Experts |
| 15 | Combination of Methods |
| 16 | Competency Profiling Method |
| 17 | Reference Materials Method |
| 18 | Critical Incident Method |
| 19 | Group Interview Method |

“Job analysis, is the process of determining and recording all the pertinent information about a specific job, including the tasks involved, the knowledge and skill set required to perform the job, the responsibilities attached to the job and the abilities required to perform the job successfully. Job analysis differentiates one job from the other, in an association, and is based on observation and study. It is also referred to as job review or job classification. Job analysis provides the basic foundation for many of the HR activities.”

The analysis entails compiling an in depth description of tasks, figuring out the connection of the activity to generation and to different jobs and analyzing the expertise, qualifications or employment standards, accountabilities and different incumbent necessities. In short, activity evaluation is a recording of all of the sports worried in anactivity and the ability and expertise necessities of the performer of the activity.

Job analysis provides the essential inputs for some of HR sports like recruitment, selection, activity design, estimating activity worth, education, and appraisal. These sports rely upon on activity evaluation and its give up merchandise for his or her very own functioning. For example, activity description and activity specification-the give up merchandise of anactivity evaluation – shape the premise for recruitment.

They assist in comparing a candidate towards the necessities of the activity and deciding on the maximum appropriate one. Similarly, activity evaluation affords inputs for education. While education personnel for a specific position, the parameters on which the personnel want to gain knowledge of maybe received from activity evaluation.

Job analysis also helps management in evaluating the relative worth of each job, which would be one of the basic inputs in designing the compensation system.

Job analysis plays a key role in designing and managing the performance appraisal system in an association. It enables in figuring out the important thing key responsibility

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areas (KRAs) for a function after which putting the dreams or targets for the appraisal period. This paperwork the idea for the assessment of an employee’s performance.

A comparison of the process specs arrived at, on the stop of a process evaluation, with the present skills of an employee, enables in figuring out his schooling needs. Thus, process evaluation contributes both directly, or indirectly, to nearly all of the fields of human useful resource management.

The diverse strategies of job analysis are as follows:

|  |  |  |
| --- | --- | --- |
| 1 | Observation method | three methods of job Analysis are based on observation. these are- Direct Observation; work method analys, including time and motion studies and micro-motion analysis; and critical incident emthod. |
| 2 | Interview Method | It involves discuswsion between job analyss and job occupants or experts. Job analysis data from individual and group interviews with employees are ofter supplemented by information from supervisors of employees whose jobs are to be analyzed. |
| 3 | Daily Method | It requires the job holders to record in details their activities on a daily basis. |
| 4 | Technical conference Method | In this method, services of the supervisors who prossess extensive knowledge about a job are used with the help of a conference of the supervisors. The analyst indicates discussion which provides details about the job. |
| 5 | Functional Job Analysis (FJA) | It is a method that uses precise terminology and a structured job analysis schedule to record information regarding the job content. It is especially useful to the recruiting and selection functions job inventories can either be task/job oriented or qualifications/worker oriented. |
| 6 | Questionaire Method | These can be filled out by the employees on an individual basis  or by job analysis for a group of employees. |
| 7 | Job Invenories or Checklist | These are structured questionnaries that equire a respondent to check or rate behavior and/or worker character necessary to a particular job or occupation. Job inventories can either be task/ job orientd or Qualification/worker oriented. |
| 8 | Job Performance Method | In this method the job analyst actually performs the job in question and thus receives 1st hand experiences of contextual factors on the job including physical hazards, social demands, and emotional pressures mental requirements. |

## Problems Faced with Job Analysis

The procedure of job analysis has lot of realistic issues associated with it. Though the process can be effective, appropriate, practical, efficient and focused but it can be costly, time consuming and disruptive for employees at the same time. It is because there are a few distinctive issues that are encountered by a job analyst while carrying out the procedure. Let’s talk about them and comprehend how the course of job analysis can be made more effective by treating them vigilantly.

### Problems with Job Analysis

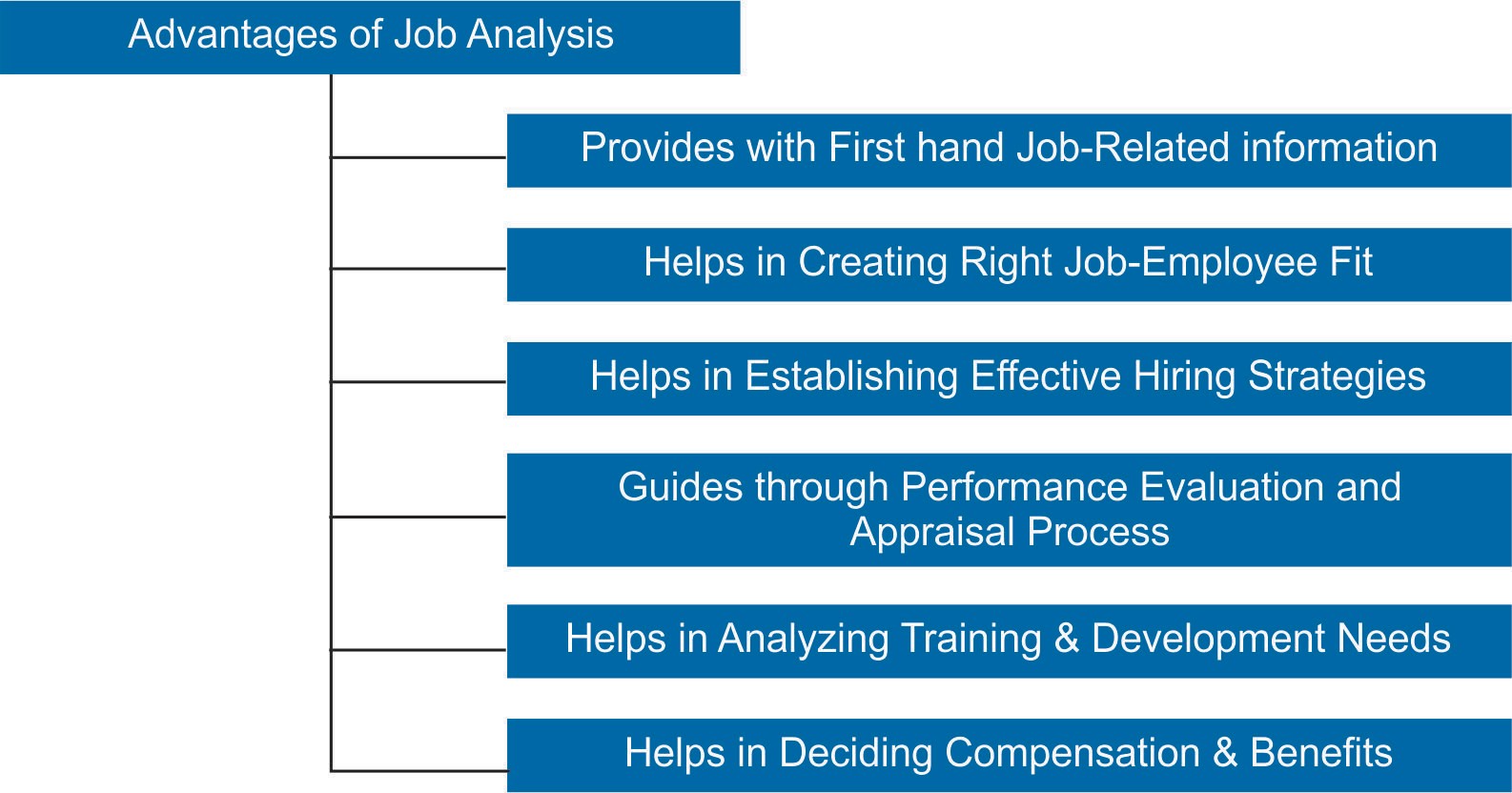
1. **Lack of Management Support:** The largest hassle arises while a task analyst does now no longer get right assist from the control. The pinnacle control desires to speak it to the center degree managers and personnel to decorate the output or productiveness of the system. In case of incorrect communication, personnel may also take it in an incorrect experience and begin searching out for different to be had options. They may also have a perception that is being accomplished to hearth place them or take any motion towards them. In order to keep away from such circumstances, pinnacle control should efficiently speak the proper message to their incumbents.
2. **Lack of Co-operation from Employees:** If we communicate approximately accumulating true and correct task-information, it’s far nearly not possible to get actual and real information without the assist of personnel. If they may be now no longer prepared to co-operate, it’s far a sheer wastage of time, cash and human attempt to behavior task evaluation system. The want is to take the people in self- belief and speaking that it’s far being carried out to remedy their issues only.
3. **Inability to Identify the Need of Job Analysis:** If the goals and desires of task evaluation system aren’t nicely identified, the complete workout of research and wearing out studies is futile. Managers must decide in advance why this process is being carried out, what its objectives are and what is to be done with the collected and recorded data.
4. **Bias ness of Job Analyst:** A balanced and independent technique is a need at the same time as wearing out the system of task evaluation. To get actual and real information, a task analyst should be unbiased in his or her technique. If it can’t be avoided, it’s far higher to outsource the system or rent a professional job analyst.
5. **Using Single Data Source:** A task analyst desires to don’t forget multiple sources of information with a purpose to accumulate real information. Collecting information from an unmarrieds up ply may also bring about inaccuracy and it therefore, defeats the completereason of accomplishing the task evaluation system.

However, this isn’t the end. There can be many different issues concerned in a job analysis system inclusive of inadequate time and resources, distortion from incumbent, loss of right communication, incorrect questionnaires and different forms, absence of verification and review of job analysis system and shortage of praise or popularity for supplying real and fine information.

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## Advantages of Job Analysis



1. **Provides First Hand Job-Related Information:** The job analysis technique gives with treasured task-associated statistics that allows managers and job analyst the responsibilities and obligations of a specific task, dangers and dangers worried in it, talents and competencies required to carry out the task and different associated info.
2. **Helps in Creating Right Job-Employee Fit:** This is one of them a xi mum critical control activities. Filling the proper man or woman in a proper task emptiness is a take a look at of talents, knowledge and competencies of HR managers. Job Analysis allows them apprehend what sort of worker can be appropriate to supply particular task successfully.
3. **Helps in Establishing Effective Hiring Practices:** Who is to be stuffed in which and when? Who to goal and the way for a particular task opening? Job evaluation technique offers solutions to a majority of these questions and allows managers in creating, setting up and retaining powerful hiring practices.
4. **Guides through Performance Evaluation and Appraisal Processes:** Analysis allows managers comparing the overall performance of personnel with the aid of using evaluating the usual or preferred output with added or real output. On those bases, they appraise their performances. The technique allows in figuring out whom to sell and when. It additionally courses managers in knowledge the ability gaps in order that proper character may be suit at that unique region to be able to get preferred output.
5. **Helps in Analyzing Training & Development Needs**: The technique of job analysis offers solution to following questions:
   * “Who to impart training”
   * “When to impart training”
   * “What should be the content of training”
   * “What should be the type of training: behavioral or technical”
   * “Who will conduct training”
6. **Helps in Deciding Compensation Package for a Specific Job:** A actual and independent technique of task evaluation allows managers in figuring out the suitable repayment package deal and blessings and allowances for a selected task. This is performed on the idea of obligations and dangers worried in a task.

## Job Description

A job description is a document intended to give job candidates a layout of the fundamental obligations and duties of the job for which they are applying.

Job description is the detailed job information in a written format stating the role, responsibilities, duties, job title, job location, etc. It is usually prepared by the human resource manager to invite applications from the prospective candidates to fill up the vacant job position.

The portrayal is typically drawn up by the person in the association liable for regulating the choice cycle for the job, regularly with the assistance of the organization’s HR division and additionally an external recruiter.

A job description consists of all the relevant information about a particular position or post in a company. It includes the following components:

* Job Title is the name of the post vacant
* Job Location is the branch of the company where the candidate will be posted after selection.
* Role refers to the arena of work and how the responsibilities are to be fulfilled, defined by the company.
* Responsibilities and Duties is a list of various job-related activities which the candidate is supposed to perform and take account of his actions.
* Salary is the pay scale which the company is ready to offer for that particular job. It may or may not be negotiable.
* Incentives refer to commission and remuneration associated with the targets achieved.
* Allowances are the other benefits and expenses which the company pays on behalf of the candidate.

## Job Specification Job Design

A job specification is the written declaration of the attributes, skills, knowledge, educational qualification and experience which a person must possess to perform a particular job.

After preparing a job description, the manager analyzes the necessary abilities and attributes needed for accomplishing the task and thus drafts a job specification. Job specification emphasizes human qualities essential for a job.

Educational qualification defines the specific requirement regarding academic knowledge of a person. It includes his school education, graduate, post-graduation and other such qualifications of which he holds degree or mark sheet.

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Skills required refers to the particular set of special abilities which are essential for the proper execution of the given tasks. The company may or may not ask for the certificate of training in such skills from the candidates.

Experience is the information of all the past and present employment or association of the candidate, including the name of the company, post, duration, salary package, job profile, etc.

Job design is the rational series of the procedure of job analysis and includes cognizant endeavors to sort out undertakings, obligations and duties into a unit of work to business goals.

Job design is the rational series to job analysis. It includes cognizant endeavors to sort out assignments, obligations and duties into a unit of work in order to accomplish hierarchical targets. It manages the assignment and game plan or hierarchical work exercises and errands into sets where a particular arrangement of exercises establishes a “work” and which is in this manner performed by a work officeholder.

Technically speaking job design endeavors to coordinate work content like those of errands, capacities, associations with that of the aptitude necessities pertinent for each work that addresses the issues of the representatives and furthermore the association overall.

Now is an ideal opportunity to isolate the gathered information in to valuable data. Expected set of responsibilities depicts the jobs, exercises, obligations and duties of the work while work determination is an assertion of instructive capability, experience, individual characteristics and abilities needed to play out the work.

|  |  |
| --- | --- |
| **Job Analysis Includes Two Things** | |
| Job Description | Job Specification |
| If is a factual statement of the duties and responsibilities of a specific job inan organisation. It gives an indication of what, how and why it is to be done. | it is a statement of the qualifications, personality traits, skills, etc. required by an individual to perform the job. |

## Job Design - Concept

Job design is the rational series of the procedure of job analysis and includes cognizant endeavors to sort out undertakings, obligations and duties into a unit of work to business goals.

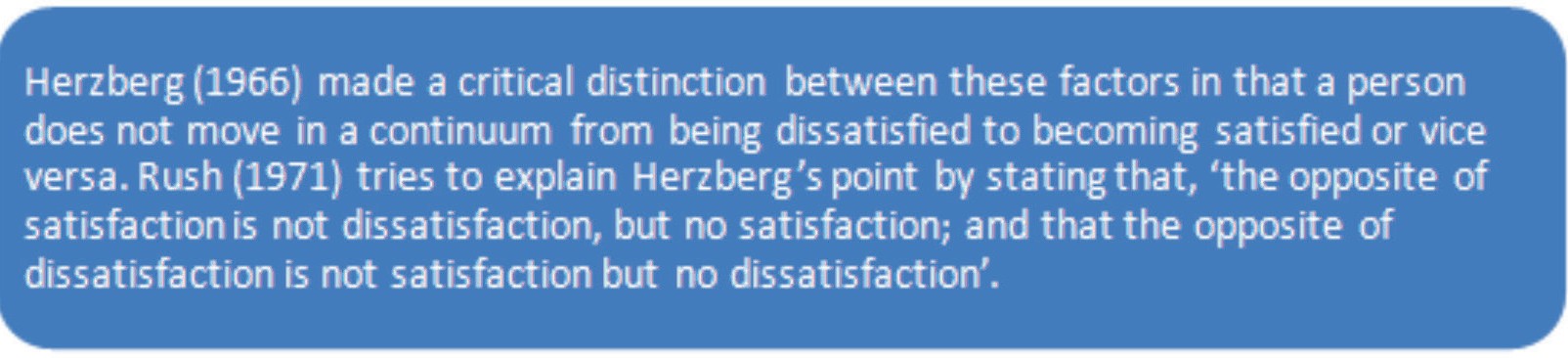
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Technically speaking job design endeavors to coordinate work content like those of errands, capacities, associations with that of the aptitude necessities pertinent for each work that addresses the issues of the representatives and furthermore the association overall.

Breaking down obligations related to every issue in the gadget has caused the idea of task layout. Job layout commenced getting significance on the flip of the 20th century when, with fast technological advancements, mass manufacturing and meeting line operations emerged. Since jobs retain to come to beg re at erst ate-of-the-art and specialized, the want for a knowledgeable and encouraged body of workers has come to be indispensable.

The essential cause of task layout (or re-layout) is to growth each worker motivation and productiveness (Rush 1971). Increased productiveness can take place itself in diverse forms. For example, the point of interest may be on enhancing the best and amount of products and services, lowering operation costs, and/or lowering the turnover and education costs.

On the alternative hand, growing worker motivation may be carried out via accelerated task satisfaction. The Two-Factor Model of Herzberg (1966) proven in Table 10.1, describes units of factors, fulfilling and dissatisfying, that have an effect on an worker’s shallowness and possibility for self-actualization in the workplace.



In a realistic sense, which means addressing the dissatisfying elements assist in helping and keeping the shape of the activity, whilst the enjoyable elements assist the worker to attain self-actualization and growth the incentive to maintain to do the activity.

## Approaches to Job Design

An activity may be described as a grouping of undertaking inside a prescribed unit or gadgets of labor. Job layout is a planned strives made to shape the responsibilities and social relationships of an activity to create surest ranges of variety, responsibility, autonomy and interaction. In fact, the fundamental goal of activity layout IS to hold an in shape among an activity and its performer in order that the activity is completed nicely and the activity performer derives delight from doing activity.

Job design is that the next step after job analysis that aims at outlining and organizing tasks and responsibilities related to a particular job. It integrates job responsibilities and qualifications or skills that are required to perform equally.

There are various methods or approaches to doing this. The main three approaches to Job Design are:

* + - * Human Approach.
      * Engineering Approach.
      * Job Characteristics Approach. These are being discussed below:

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### Human Approach

The human approach of job design laid emphasis on designing employment round the people or employees and not round the organizational processes.

In other words, it recognizes the necessity for designing jobs that are rewarding (financially and otherwise) and interesting at an equivalent time.

According to this approach, jobs should gratify an individual’s need for recognition, respect, growth, and responsibility. Job enrichment, as popularized by Herzberg’s research, is one among the ways within the human approach of job design.

Herzberg classified these factors into two categories – hygiene factors and motivators.

### Engineering Approach

The engineering approach was devised by FW Taylors et al. They introduced the thought of the task that gained prominence in due course of your time.

According to this approach, the work or task of every employee is planned by the management each day beforehand.

The instructions for an equivalent are sent to every employee describing the tasks to be undertaken intimately. The small print include things like what, how, and when of the task alongside the time deadlines. The approach is predicated on the appliance of scientific principles to job design.

### Job Characteristics Approach

The job characteristics approach was popularized by Hackman and Oldham. Consistent with this approach, there’s an immediate relationship between job satisfaction and rewards.

They said that employees would be their productive best and committed once they are rewarded appropriately for his or her work. They laid down five core dimensions which will be accustomed describe any job – skill variety, task identity, task significance, autonomy, and feedback.

* Skill variety: the workers must be ready to utilize all their skills and develop new skills while handling employment.
* Task Identity: The extent to which an identifiable task or piece of labor is required to be finished the completion of the work.
* Task Significance: How important is that the job to the opposite people, what impact does it create on their lives?
* Autonomy: Does the work offer freedom and independence to the individual performing an equivalent.
* Feedback: Is feedback necessary for improving performance.

These are different approaches, but all of them point to more or less an equivalent factor that require to be taken into consideration, like interest, efficiency, productivity, motivation, etc. of these are crucial to effective job design.

The other vital approaches or techniques a job design involves are job enlargement, job enrichment, job simplification, job rotation, quality of work life and goal-setting.

Let’s now talk about each of these techniques one by one:

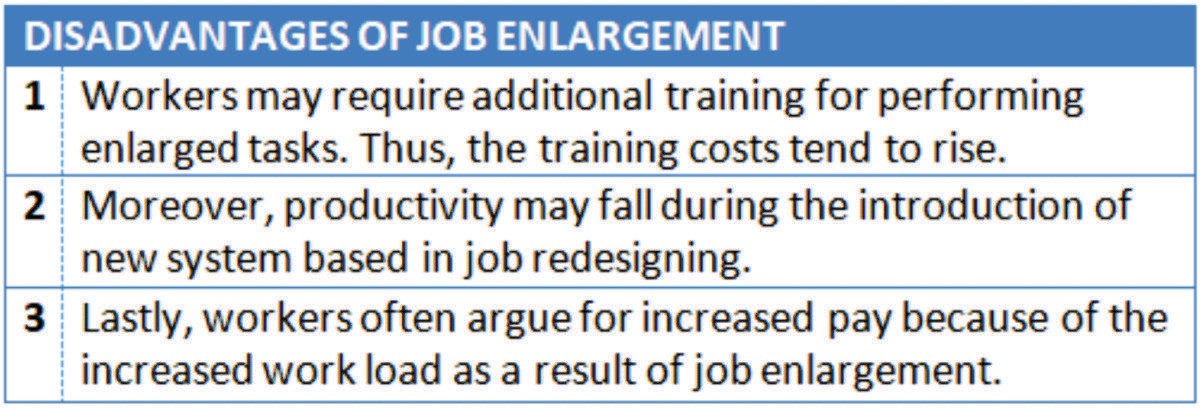
### Job Enlargement:

Job enlargement includes creating activity large in scope through combining extra projects ports into every activity via expansion. This is referred to as horizontal loading. It, thus, focuses on enlarging jobs through growing duties and responsibilities.

An instance of job enlargement in a college can be assigning a Professor the project of searching after the NSS sports except his/her coaching in his/her Department. Similarly, a clerk in a workplace who’s doing the typing paintings simplest can also be assigned the project of drafting letters, sorting of incoming mails and submitting of letters.

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| --- | --- |
| **Advantages of Job enlargement** | |
| 1 | Job enlargement avoids monotony which is the result of high degree or specialization and division of labor. |
| 2 | It improves workers, satisfaction, decreased production costs, and increased quality. |
| 3 | It also improves the worker’s efficiency at work. |

In spite of all the above mentioned advantages, there are certain disadvantages of job enlargement that cannot be ignored.



### Job Enrichment:

“Closely related to job enlargement is job enrichment. Job enrichment is a direct outgrowth of Herzberg’s two-factor theory of motivation. It refers to the vertical enlargement of a job by adding responsibility and opportunity for personal growth.”

“In other words, job enrichment is concerned with designing jobs that includes a greater variety of work content, require a higher level of knowledge and skill, give worker more autonomy and responsibility, and provide opportunity for personal growth. Increases in job content vertically lead to variety, making repetitive jobs less boring but more satisfying.”

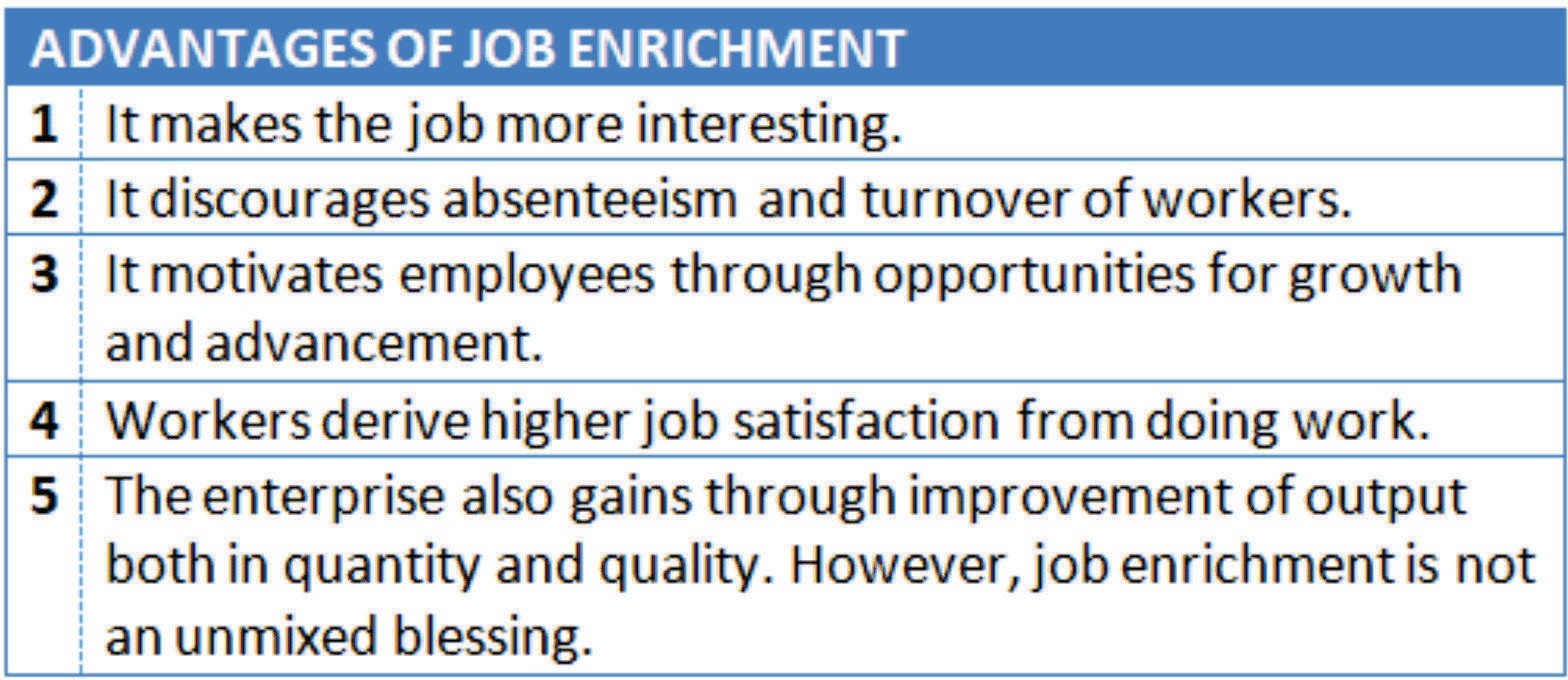
“The term job enrichment needs to be distinguished from the term job enlargement. The difference between the two lies on the nature of additions to the job. While job

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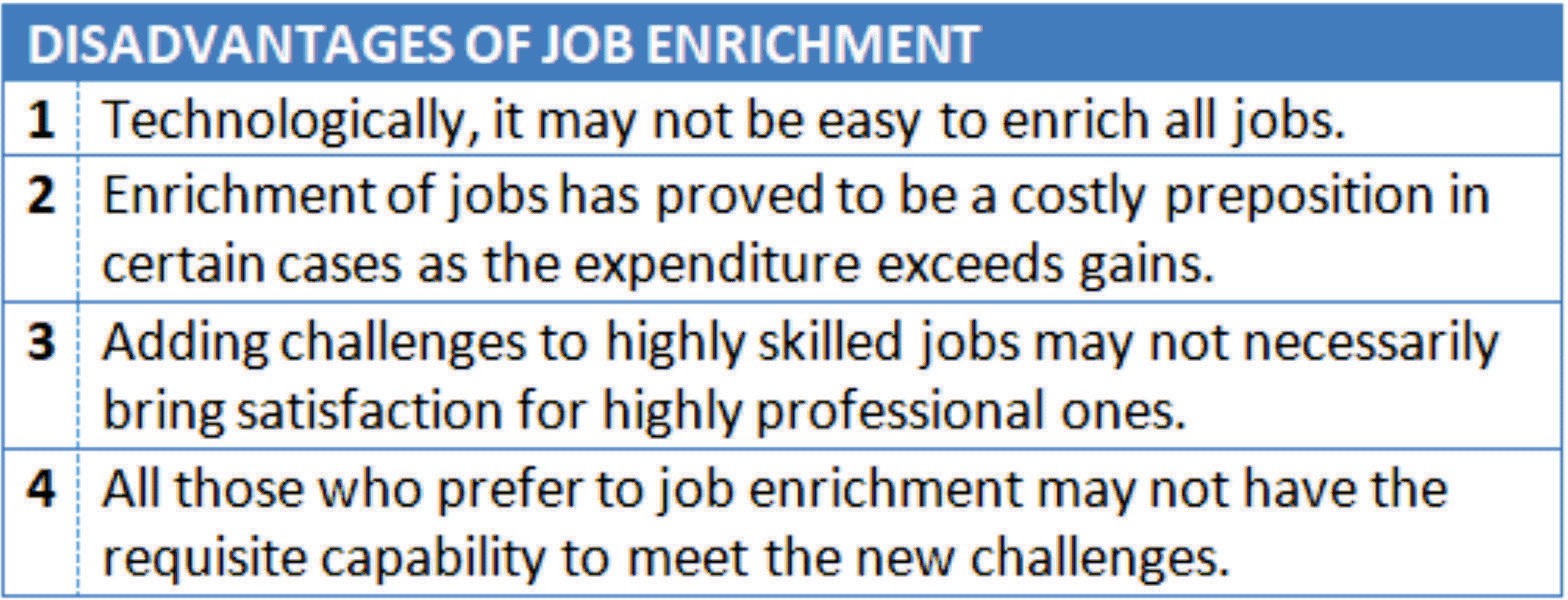
**Notes**

enlargement involves a horizontal loading, or expansion, or the adding of more tasks of the same general nature, job enrichment involves vertical loading, additionally giving more challenge.”

### Advantages of Job Enrichment



**Disadvantages of Job Enrichment**

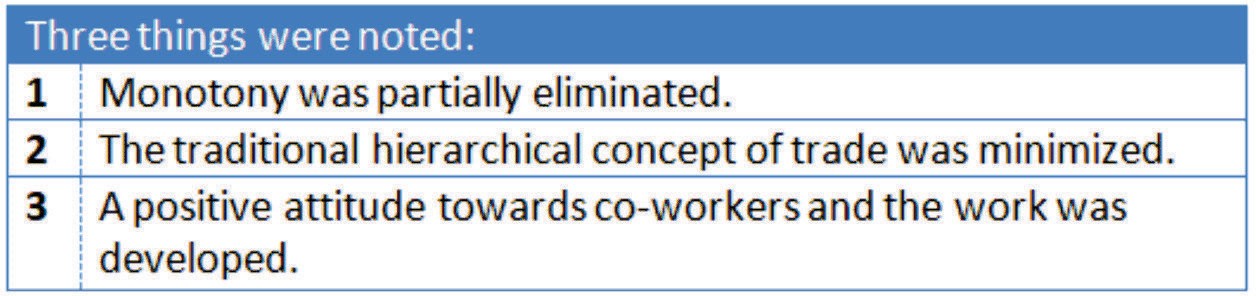


Go through the subsequent brief case of activity enrichment carried out in Dynamo Corporation Limited Rampur. It will assist you recognize how activity enrichment motivates people to enhance their activity performance.

### Job Enrichment in Dynamo Corporation Limited, Rampur

An interesting study in job enrichment was undertaken by Professor Nitish De at the Rampur unit of Dynamo Corporation Limited. The corporation was set up for 10 years and produced items for the “core” sector (heavy engineering equipment). The study was conducted on managers, supervisors, and workers of a unit producing auxiliary equipment. An initial survey revealed that none of the workers was emotionally committed to the product; there was forced idle time because of task interdependence and uneven distribution of work load. Having worked for a long time at the same job, workers did not find it sufficiently challenging.

These findings were placed before the total unit, which agreed on setting up a rotating task force with representatives from each category and the introduction of a new work system. The new work system consisted of having a group of employees taking charge of a complete task and gradually taking on each other’s job after training. Thus, a welder did the job of a fitter, and a fit we did that of a welder or a gas cutter. Each worker became multi-skilled.



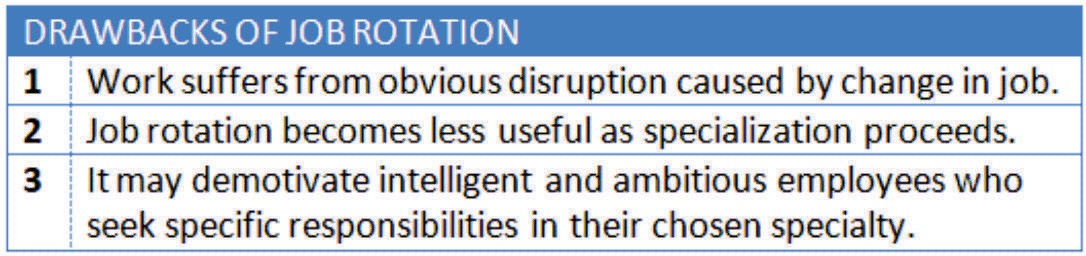
Monthly data for targets set and percentages of fulfillment of targets were plotted. From April 1975 to November 1975, rising trends were noticed both in the fulfillment of targets and he overall efficiency against clocked time. There was an increase of 6.9 per cent and 45.3 per cent in relation to the targets and the overall efficiency respectively. Thus, changes in job content, greater variety, and freedom contributed to the performance of the employees.

### Job Simplification:

In case of job simplification, a job is damaged down, to the volume possible, into smaller elements as is achieved in meeting line operations. Doing so fragmented challenge to boom in employee’s productivity. However, the opposite facet of doing the repetitive challenge is that activity nay produces boredom and monotony to the workers. This may, in flip result in an inclination of absenteeism amongst them. Nonetheless, such form of activity can be appropriate for employees having low tiers of capabilities and knowledge.

### Job Rotation:

Some human beings have counseled job rotation additionally as a motivational strategy. In job rotation, an employee actions from one activity to another, on the equal level, that has comparable ability necessities. Job rotation reduces boredom and monotony via converting employee’s activities. This has nearly the same consequences because the job enlargement has. However, job rotation has sure drawbacks additionally.



### Quality of Work Life (QWL):

There had been divergent perspectives as to what honestly is quality of work life (QWL). According to Sangeeta Jain, QWL includes an entire parcel of phrases and notions all of ‘which honestly belong below the great of Working Life Umbrella’. Walton considered it as which include all the ones paintings situations that deliver delight to people even as doing their jobs/ tasks.

In easy words, QWL refers back to the favorableness or unfavourableness of complete activity surroundings for people. The factors protected in a QWL programme like open verbal exchange equitable praise system, employees’ activity safety and delight, participative management, improvement of worker skill, etc., make activity surroundings favorable.

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There is an extended listing of things that regularly make a contribution to the quality of work life. Some of the common ones are mentioned in short below:

|  |  |  |
| --- | --- | --- |
| 1 | Job Involvement | Job involvement indicates the extent a worker identifies himself/ herself with the work. Workers involved in their jobs spent more time on their jobs. Challenging jobs make workers to get involved with their jobs. Besides, people with high need for achievement and high work ethic are also found to be involved with their jobs. |
| 2 | Job Satisfaction | Job satisfaction refers to one’s good or positive feeling toward his/her job satisfaction improves work performance and reduces employee absenteeism and turnover. |
| 3 | Sense of Competence | Job Involvement ultimately results in sense of competence. Sense of competence denotes the feelings of confidence that one has in one’s own ability, skill or competence high sense of competence and job involvement combined produce high levels of job satisfaction and productivity. |
| 4 | Job Performance and Productivity | The aforesaid three factors job involvement, job satisfaction and sense of competence-boil down to improve job performance and productivity of employees. |

How to enhance QWL? Suggestion and measures given with the aid of using behavioral scientists do now no longer tally however varies. The best answer to enhance QWL can be enhancing the present activity surroundings. Some researchers recall instructions to enhance QWL.

One path issues the comfort or elimination of terrible factors of labor and running situations and the alternative path issues the change of factors of labor and running situations Measures to enhance QWL in India, consist of participative network improvement tasks activity sharing and developing part-time jobs, desire of suitable technology, regarding unions training and education and legislative measures. Besides, the situations that make a contribution to motivation (equitable salaries, economic incentives, powerful worker selection, etc.) Additionally make a contribution to enhancing the QWL.

### Job Analysis:

Directly related to job enlargement, enrichment, simplification, as well as rotation is job analysis. “Job analysis is a statement mentioning who will do what.”Deficiency of job analysis may adversely affect the recital of a task just as exemplified in the following box:

|  |
| --- |
| This is a story about four people named everybody, Somebody, Anybody and Nobody. There was an important job to be done and everybody was sure that somebody would do it. Anybody could have done it, but nobody did it. Somebody got angry about that because it was everybody’s job. Everybody thought anybody could do it, but nobody realized that everybody wouldn’t do it. It ended up that everybody blamed somebody when nobody did what anybody could have done! |

* + 1. **Issues in Job Design**

Job design is a scientific employer of process-associated tasks, responsibilities, capabilities and duties. It is a non-stop technique of integration of content material associated with process as a way toga in positive objectives. The technique performs a crucial position because it impacts the productiveness of personnel and organizations. However, there are some of current problems emerged currently at the same time as designing the roles in organizations. These are opportunity paintings styles which might be similarly powerful in dealing with employer’s capabilities.

### Issues in Job Design

Telecommuting / Work from Home: Telecommuting or work from home is considered as the best alternative of working from the actual office. The concept of virtual office is gaining more and more popularity because of ease and convenience associated with it. By using computer networks, fax machines, telephones and internet connection, employees can communicate and perform the job from home. It eliminates the need of coming to office everyday and offers employees the convenience to work at the comfort of their home.

Though there are lots of advantages associated with this working style but it suffers from many limitations it lets in personnel to live at domestic and control their task responsibilities and functions without actually being gifting the workplace however it doesn’t permit them to speak with different personnel and setting up relationships with them. They most effective address machines entire day, consequently lose creativity. Moreover, it is a great hindrance in their way as it does not allow skill up gradation.

* **Job Sharing:** It is the second one maximum optimum opportunity of conventional running patterns wherein or extra people percentage the obligations of a complete time job. They divide the tasks, obligations and repaymention step with their mutual consent. This choice is normally utilized by ladies who’re on maternity depart or have own circle of relatives and children to appearance after however need to retain their activity. These days, groups are open to this type of running fashion wherein or extra people can percentage a job.
* **Flexi-Working Hours:** These days, groups permit their personnel to paintings in step with the timings that fit them exceptional. There are 3-fourworking schedules and people can select someone of them relying upon their availability. Employees can paintings in early hours in addition tonight time hours. This is right for the ones people who’ve faculties or a few different engagements throughout the day or particular hours of the day. The exceptional component is that in contrast to telecommuting, flexi-timings supply them risk to talk with different personnel too.
* **Alternative Work-Patterns:** Companies nowadays permit their personnel to paintings on exchange months or seasons. Though the idea isn’t always that common in India however maybe visible in European and American global of paintings. They additionally have the choice of running to 3complete days and may loosen up after that.
* According to the today’s idea, personnel can paintings for constant wide variety of hours after which can attend to their private desires throughout the left days.

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* **Techno stress:** Techno stress is the latest technology to keep a check on employees’ performance even when they choose to work from home. Because of the introduction of new machines, there performance can be electronically monitored even when they are not aware of it.
* **Task Revision:** Task revision is not anything however change of current paintings layout via way of means of decreasing or including the brand new activity obligations and obligations to a selected job.

## Factors Affecting Job Design

A well defined job will make the job more interesting and satisfying for the employee. The consequence is increased presentation and output. If a job fails to come into view compelling or interesting and leads to employee discontent, it means the job has to be redesigned based upon the feedback and response from the employees.

Broadly speaking the various factors that affect a job design can classified under three

heads. They are:

* + - * Organizational Factors
      * Environmental Factors
      * Behavioral Factors

### Organizational Factors

Organizational factors that have an effect on task layout may be paintings nature or characteristics, paintings flow, organizational practices and ergonomics.

1. **Work Nature:** There are numerous factors of a task and task layout is needed to classify numerous responsibilities right into task or a coherent set of jobs. The numerous responsibilities can be planning, executing, monitoring, controlling and many others and these types of are to be considered whilst designing a task.
2. **Ergonomics:** Ergonomics ambitions at designing jobs in the sort of manner that the bodily abilities and man or woman developments of personnel are considered as a way to make sure performance and productivity.
3. **Workflow:** Product and carrier kind frequently determines the collection of labor flow. Stability is needed among numerous products or services techniques and a task layout guarantees this.
4. **Culture**: Organizational lifestyle determines the manner responsibilities are achieved on the paintings places. Practices are techniques or requirements laid out for sporting out a sure task. These practices frequently have an effect on the task layout in particular while the practices aren’t aligned to the pursuits of the unions.

### Environmental Factors

Environmental factors have an effect on the job design to a huge extent. These elements consist of each the inner in addition too ut side elements. They consist

of elements like worker talents and competencies, their availability, and their socio financial and cultural prospects.

1. **Employee availability and abilities:** Employee talents, competencies and time of availability play a critical function even as designing of the jobs. The above noted elements of personnel who will virtually carry out the process are taken into consideration. Designing a process this is greater disturbing and above their ability set will causer educed productiveness and worker satisfaction.
2. **Socio economic and cultural expectations:** Jobs are in recent times turning into greater worker focused as opposed to system focused. They are consequently designed maintaining the personnel into consideration. In addition the literacy stage the various personnel is likewise at the rise. They now call for jobs which are to their liking and competency and which they could carry out the best.

### Behavioral Factors

Behavioral factors or human elements are those who pertain to the human want and that want to be happy for making sure productiveness at workplace. They encompass the factors like autonomy, range, remarks etc. A quick clarification of a few is given below:

1. **Autonomy:** Employees must work in open surroundings in place of one which consists of fear. It promotes creativity, independence and results in extended efficiency.
2. **Feedback** must be a fundamental a part of paintings. Each worker must get hold of right remarks approximately his work performance.
3. **Diversity**: Repetitive jobs regularly make paintings monotonous which ends up in boredom. An activity must convey enough range and range in order that it stays as exciting with each passing day. Job range must accept due significance even as designing a job.
4. **Use of Skills and abilities:** Jobs must be worker in place of procedure centered. Though due emphasis desires to accept to the latter however jobs must be designed in a way such that an worker is capable of make complete use of his abilities and carry out the activity effectively.

## Job Redesign, Job Rotation

Restructuring the factors such as tasks, obligations and duties of a selected process so that it will make it extra encouraging and provoking for the personnel or employees is referred to as process remodeling. The system consists of revising, analyzing, altering, reforming and reshuffling the process-associated content material and dimensions to boom the kind of assignments and capabilities to inspire personnel and cause them to experience as an essential asset of the organization. The major goal of undertaking process remodeling is to location the proper individual on the proper process and gets the most output at the same time as growing their degree of satisfaction.

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### Job Redesign Process

* Revising the Job Content: Job redesigning method includes recollecting and revising task-associated statistics to decide the inconsistency among individual and the task.Analyzing Job-related Information: Once the job analyst is thru with recollecting and revising the task content material, studying the discrepancies is the following step. It is finished to decide the stumbling blocks in appearing task-associated duties and obligations and check out why a worker isn’t capable of supply the predicted output.
* Altering the Job Elements: The subsequent step is to amend the task elements. It may also consist of reduce returned on more duties or addition of extra capabilities and a better diploma of accountability. The simple intention of changing the task content material is to layout a task in this sort of way that encourages personnel to paintings more difficult and carry out better.
* Reformation of Job Description and Specification: After changing the task elements, a task analyst desires to reform the task description and specification so one can make certain that the employee positioned at a selected area is capable of supply what’s predicted of him.
* Reshuffling the Job-related Tasks and Duties: Next is to reallocation of recent or altered duties and capabilities to personnel. It can be finished through rotating, enriching, enlarging and engineering the task. The concept is to inspire the performers even as growing their satisfaction level.

### Advantages of Job Redesigning

1. Enhances the Quality of Work-Life: Job redesigning motivates the personnel and complements the exceptional in their paintings life. It will increase their on-the- process productiveness and encourages them to carry out higher.
2. Increases Organization’s and Employees’ Productivity: Altering their process capabilities and obligations makes personnellotssnug and provides to their pride level. The unambiguous process duties and responsibilities inspire them to paintings tougher and provide their pleasant output. Not best this, it additionally outcomes in improved productiveness of an employer.
3. Brings the Sense of Belonging ness in Employees: Redesigning job Redesigning process and permitting personnel to do what they may bright at creates a feel of belonging ness in them toward the employer. It is a powerful method to hold the skills in the employer and inspiring them to perform their duties in a higher fashion.
4. Creates a Right Person-Job Fit: Job Redesigning performs an essential position in growing a proper person-process suit at the same time as harnessing the overall capacity of personnel. It facilitates employer in addition to personnel in attaining their objectives or goals.

Therefore, the cause of process remodeling is to perceive the challenge importance and ability range to be had in the employer and reallocating the process- associated responsibilities and duties in keeping with the unique talents possessed with the aid of using an employee.

Job rotation is a technique utilized for employee development. Job rotation offers the worker the chance to create aptitudes in an assortment of evolving occupations. In occupation pivot, workers will take parallel actions most of the time, however work turn can likewise include accepting an advancement.

### Keys to Successful Job Rotation

Job rotation can occur by luck or it very well may be painstakingly arranged and executed in light of explicit outcome. The representative who is associated with a deliberately arranged job rotation will profit and learn. The person will methodically assemble aptitudes that empower the worker to offer all the more viably to the objectives of your association.

### Advantages of Job Rotation for Employees

Job rotation gives a vocation way to workers when advancements are not free, or when the representative doesn’t need advancement or the executive’s obligations. It gives favorable circumstances to a worker. In job rotation, the worker:

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| Gains knowledge and skills by bearing different jobs that regular new skills and provide different responsibilities. |
| Overcomes potential boredom and job dissatisfaction by having a new and different job with changed responsibilities and task. |
| Is given a new challenge, an opportunity for the employee to expand his or her knowledge. Accomplishments, reach, impact, and potentially, influence different aspects of the organization. |
| May learn about different facets of the roganisation and how work is accomplished in different departments or job functions (this will build his or her organisational knowledge and ability to get things done.) |
| Is prepared for an eventual promotion, in a succession plan, by receiving the chance to expand his or her skill set and responsibilities, and gain broader knowledge about the organisation |
| Gains visibility with a new group of coworkers and managers. Visibility for a good employee bring potential opportunities. |

* + 1. **Job Evaluation**

The following are some famous quotes given by experts:

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*“Job evaluation is a systematic and orderiy process of determining the worth of a job in relation to other job.”*

*Edwin B. Flippo–*

*“Job evaluation represents an effort to determine the relative value of every job in a plant*

*and to determine what the fair basic wage for such a job should be.”*

*Kimball and Kimball Jr–*

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| *“Job evaluation as a personal term has botha specific and genetic meaning specifically, it means job rating or the grading of occupations in terms of duties; generally it means the entire field of wages and salary administration along modern lines.”*  *bethel, At water and Smith–* |
| *“Job evaluation may be defined as an attempt to determine and compare the demands which the normal performance of particular job makes on normal workers without taking account of the individual abilities or performance of the workers concerned.”*  *International Labor Organization–* |
| *“Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organization and among similar organizations.”*  *Dale Yoder–* |
| *“Job evaluation is the evaluation or rating of job to determine their position in job hieracthy. The evaluation may be achievement through assignment of points or the use of some other systematic rating method for essential job requirements such as skill, experience and responsibility.”*  *Bureau of Labor Statistics–* |

Job evaluation, on the alternative hand, specifies the relative fee or really well worthofeveryprocess in an agency.

“An agency undertakes the project of job analysis and evaluation for one or a number of the following functions:

* Designing new organization and roles/jobs
* Changing the organizational design or roles
* Aligning roles and pay to organizational changes
* Designing an effective organization
* Defining interdependencies among different jobs
* Clarifying accountabilities of jobs
* Managing succession in organization
* Reviewing the existing pay structure
* Auditing legal compliance of pay policies
* Implementing benchmark pay structures
* Setting value-based pay policies”

An agency can employ inner HR Specialists or take carrier of an HR Consulting Firm to perform the task of process evaluation and assessment with the goal of assembly the pre-decided functions as stated above. However, outside HR Consultants are useful for his or her understanding and impartial views.

The systematic manner of job analysis and evaluation observed with the aid of using the corporation includes:

* Identifying concerned job.
* Selecting/appointing a team or an individual to conduct project.
* Defining main outcomes required.
* Identifying main participants in the work process, including the ones in the job/ role as well as reporting authorities.
* Prepare a list of the participants, by name and position, in work analysis chart.
* Keep track of work process, documents and other related information present with participants.
* Information can also be gathered from previous job analysis and evaluation reports.
* When job/role is new in organization, then information for the same may be obtained from other similar organizations having such job/role, and by understanding the reasons for creating that job/role from the concerned authority in the organization.
* Analyze the collected information.
* Make proposals regarding the new or changed job, role or pay structure.”

The numerous techniques with the aid of using which an HR Consultant can reap the facts for job description and job specifications are:

* Observing the employee.
* Carrying out individual/group interviews.
* Having brainstorming sessions between groups of employees.
* Performing desk audit by carefully examining documents used and tasks executed by employee.
* Using questionnaires.
* Asking employees to jot down all their tasks and duties as and when they perform them.
* Interviewing employees for any critical incidents that may have occurred.
* Keeping a video recording of employee on duty.
* Reviewing all the necessary documents present in organization.
* Referring to previous job analysis and evaluations done in organization.” Job evaluation is performed through any of the subsequent methods:

1. **Points rating** - Different degrees are accorded to the diverse factors of jobs after

which the factors allotted to special degrees are totaled to get factor rating of the roles which bureaucracy the premise of pay structure.

1. **Factor comparison** - A comparison of diverse impartial elements of jobs is performed and factors are given to everything rank of character process. These factors are then totaled to rank the roles.
2. **Job ranking -** Job isn’t damaged into elements or factors, as an alternative it’s miles evaluated as an entire and is as compared with different jobs to be ranked accordingly.

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1. **Paired comparison** - Jobs are as compared with every different and allotted factors relying on being ‘greater, lesser or equal’. These factors are brought to create rank order of jobs.

The outputs of job analysis and evaluation are then aligned to the motive of the project. This calls for the HR Consultants to interpret the modifications required in the present process/pay and suggesting the improvements, as required. HR Consultants additionally recommend on easy incorporation of those modifications to beautify performance and effectiveness of the organization.

## Job Enrichment

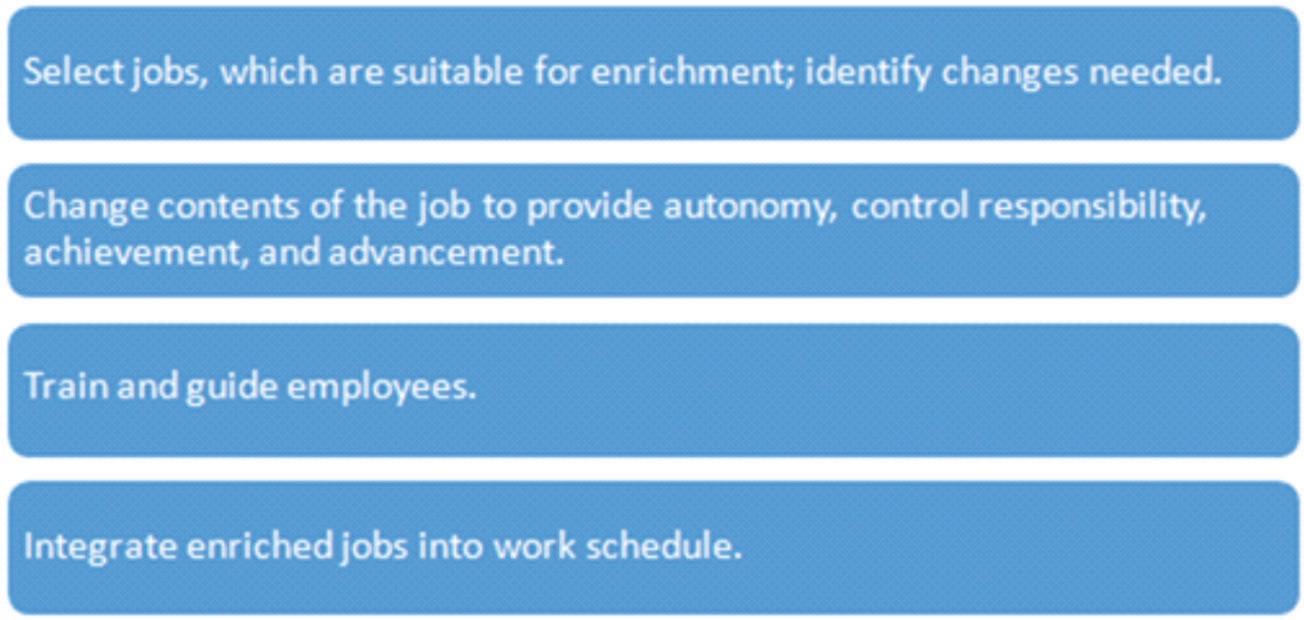
Job enrichment is an attempt to feature such attributes to employment as a spread of tasks, freedom to make a decision to operate, wholesomeness and completeness of the tasks performed and performance feedback for the work.

The man at work should feel motivated and this will be done by making the work more interesting and challenging.

Job enrichment is completed by adding or changing the contents of the work or by giving more discretion to the job-holder or both. Addition to the work content is additionally described as job enlargement. It’s going to be done by loading the work horizontally or vertically or both ways.

Loading the work horizontally would mean addition of more of an equivalent quite content as earlier, while within the case of vertical loading, the new content involves greater stimulation and variety.

Job enrichment has been defined as the process of permitting the individual employees to make a decision one’s own working place. It also permits the workers to function with their own supervisors or to repair their own mistakes. It provides the workers with greater autonomy for planning and controlling his own performance. It adds new wellsprings of fulfillment to occupations. Occupations are made testing and important by expanding obligations are added to the work, as a rule with not so much management but rather more self-assessment. Laborers get more prominent self-rule in arranging and controlling their exhibition. It is otherwise called “vertical loading” of job. The means in occupation climate are



Typically job enrichment involves combining various existing and new tasks into one large module of work. The work is then handed over to an employee, which means there is an increase in responsibilities and scope. This increase in responsibility is often vertical.

The concept is to organization diverse responsibilities collectively such that herbal paintings gadgets are created. In addition increasing jobs vertically additionally offers worker direct manage over works gadgets and personnel that had been previously below the jurisdiction of pinnacle control only. While on one hand this will increase the possession of the personnel oft heir paintings, it additionally relieves the useless burden from the pinnacle control.

“Job enrichment also opens up a feedback channel for the employees. Employees are frequently apprised of their performance. This keeps them on track and helps them know their weak and strong points. Performance standards are set for the employees themselves and future performances are matched against the benchmarks. All this is done without any serious intervention or involvement of the top management!”

In a certain bank that treated industrial credit score letters for import and export trade, the personnel processed the files in a series with every worker being specialized for positive component of verification. Often it so passed off that a mistake at previous stage results ina chain of errors at succeeding stage. Errors gathered at every stage and this brings about large lack of productivity.

The association decided to go for job enrichment where each employee or clerk was specialised in all aspects of processing. Each employee was at the present able to grip and handle a client on his own. After some time it was found out that the transaction volume increased by 100 percent!

## Job Enlargement

Job enlargement is another method of job design when any organization wishes to adopt proper job design it can choose job enlargement. Job enlargement involves combining various activities at an equivalent level within the organization and adding them to the prevailing job. It increases the scope of the work. It’s also called the horizontal expansion of job activities.

Definition: Job Enlargement is that the horizontal expansion of employment. It involves the addition of tasks at an equivalent level of skill and responsibility. It’s done to stay workers from becoming bored. It’s different than job enrichment.

Examples: Small companies might not have as many opportunities for promotions, in order that they attempt to motivate employees through job enlargement. Beside that if there’s shortage or affected by dearth of staff, in such case additional duties and responsibilities would be added to available employees which amount to job enlargement.

Job enlargement are often explained with the assistance of the subsequent example - If Mr. A is functioning as an executive with a corporation and is currently performing 3 activities on his job after job enlargement or through job enlargement we add 4 more activities to the prevailing job so now Mr. A performs 7 activities on the work.

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It must be noted that the new activities which are added should belong to an equivalent hierarchy level within the organization. Through job enlargement we offer a way sort of activities to an employee, besides we’ve a plus to make maximum use of employee’s skill.

Job enlargement contradicts the principles of specialization and therefore the division of labour whereby work is split into small units, each of which is performed repetitively by a private worker. Some motivational theories suggest that the boredom and alienation caused by the division of labour can actually cause efficiency to fall. Thus, job enlargement seeks to motivate workers through reversing the method of specialisation. A typical approach could be to exchange assembly lines with modular work; rather than an employee repeating an equivalent tread on each product, they perform several tasks on one item. so as for workers to be given Job Enlargement they’re going to got to be retrained in new fields which may convince be a lengthy process. However results have shown that this process can see its effects diminish after a period of your time , as even the enlarged job role become the mundane, this successively can cause similar levels of demotivation and job dissatisfaction at the expense of increased training levels and costs. The continual enlargement of employment over time is additionally referred to as ‘job creep,’ which may cause an unmanageable workload. Job enlargement, characterized as the adding of new difficulties or obligations to a present place of employment, can make job fulfillment. Assigning workers to a unique venture or undertaking is an illustration of job enlargement. Be forewarned, however, that a few representatives may loathe extra work, and job enlargement could really be a demotivator. Something else, knowing the worker and their objectives and adding work that can be a finish to these objectives is the most ideal approach to accomplish maintenance through job enlargement.

Employee empowerment includes representatives in their work by permitting them to settle on choices and follow up on those choices, with the help of the association. Representatives who are not micromanaged and who have the ability to decide the succession of their own work day, for instance, will in general be more fulfilled than the individuals who are not enabled. Empowerment can incorporate the accompanying:

Job enlargement is a job design strategy wherein there is an increment in the quantity of assignments related with a specific work. All in all, it implies expanding the extent of one’s obligations and duties. The expansion in degree is quantitative in nature and not subjective and at a similar level.

Job enlargement is a horizontal restructuring strategy that focuses on expansion in the labor force flexibility and simultaneously diminishing dreariness that may crawl up throughout some undefined time frame. It is otherwise called horizontal loading in that the duties increment at a similar level and not vertically.

Many accept that since the enlargement is horizontal in nature there is anything but an incredible requirement for preparing! In opposition to this, job enlargement requires fitting preparing particularly on schedule and individuals the executives. Assignment related preparing isn’t needed much since the individual is now mindful of the equivalent or doing it for quite a while.

### Check Your Understanding

1. also opens up a feedback channel for the employees. Employees are frequently apprised of their performance.
2. Job rotation is a technique utilized for employee development. State true or false.

**Notes**

1. is a scientific employer of process-associated tasks, responsibilities, capabilities and duties. It is a non-stop technique of integration of content material associated with process as a way toga in positive objectives.
2. In case of , a job is damaged down, to the volume possible, into smaller

elements as is achieved in meeting line operations. Doing so fragmented challenge to boom in employee’s productivity.

### Summary

Job analysis is the method in which information about the content and human requirements of jobs is gathered and evaluated, as well as the context in which jobs are carried out. To assess work placement, this procedure is used. The decision-making in this field is shared under NU Principles by units and Human Resources. The basic internal approval processes will be determined by the unit’s organizational leadership.

Job analysis describes the organization of work within a family of workers. It helps units to define work growth pathways for workers involved in enhancing their career development prospects and increasing compensation.

### Activity

1. Discuss in some detail the ways in which the job analysis process is related to strategic management of an organization.

### Questions and Exercises

1. What is meant by the term Job Analysis?
2. Describe the steps involved in the job analysis process.
3. What is the relationship among job analysis, job specifications, and job descriptions?
4. What factors need to be considered in determining the method of job analysis to be used?
5. Differentiate between Job Redesign and Job Rotation.
6. Discuss the problems faced with Job Analysis.
7. State the advantages of Job Analysis.

### Glossary

* **Job enrichment:** It opens up a feedback channel for the employees. Employees are frequently apprised of their performance.
* **Job enlargement:** is a horizontal restructuring strategy that focuses on expansion in the labor force flexibility and simultaneously diminishing dreariness that may crawl up throughout some undefined time frame.

**Notes**

* **Job Sharing:** It is the second one maximum optimum opportunity of conventional running patterns wherein or extra people percentage the obligations of a complete time job.

### Further Readings and Bibliography

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### Answers to Check Your Progress

1. Job enrichment
2. True
3. Job design
4. Job simplification

# Unit-2.4: Recruitment

## Objectives

### At the end of this unit you will be able to comprehend:

* Concept of Recruitment
* Sources of Recruitment – Internal & External
* Recruitment Process
* Factors Influencing Recruitment
* Challenges and Complexities with Recruitment
* Current and Future Recruitment Strategies Selection
* Selection – Concept, Significance and Process
* Types of Selection Tests
* Difference between Recruitment and Selection

## Introduction

“Recruitment refers to the process of identifying, attracting, interviewing, selecting, hiring and on boarding employees. In other words, it involves everything from the identification of a staffing need to filling it.”

Depending on the scale of an organization, recruitment is the obligation of number workers. Larger companies might also additionally have whole groups of recruiters, even as others simplest an unmarried recruiter. In small outfits, the hiring supervisor can be answerable for recruiting. In addition, many companies outsource recruiting to outdoor firms. Companies usually recruit applicants for brand new positions through advertisements, process boards, social media sites, and others. Many use of recruiting software program to extra efficiently and efficaciously supply pinnacle applicants. Regardless, recruitment generally works in conjunction with, or as part of Human Resources.

## Recruitment - The Concept

### Concept of Recruitment

Recruitment is a process of identifying and preparing potential candidates to fill the application form. It is an Recruitment refers to the process of identifying, attracting, interviewing, selecting, hiring and on boarding employees. In other words, it involves everything from the identification of a staffing need to filling it.

Depending on the size of an organisation, recruitment is the responsibility of a range of workers. Larger organisations may have entire teams of recruiters, while others only a single recruiter. In small outfits, the hiring manager may be responsible for recruiting. In addition, many organisations outsource recruiting to outside firms. Companies almost always recruit candidates for new positions via advertisements, job boards, social media sites, and others. Many companies utilize recruiting software to

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more effectively and efficiently source top candidates. Regardless, recruitment typically works in conjunction with, or as a part of Human Resources.

Recruitment inspires the potential candidates to fill the application form for employment. It is the process of bringing together those who are offering jobs and those who are seeking jobs. After estimating the need and requirement of human resource in an organisation, the HR manager proceeds with the identification of sources of HR, which is termed as recruitment. A recruitment strategy starts with clearly understanding your company’s values in order to best define and understand the employee behaviors you want to attract.

### The Process of Recruitment

The process of recruitment can be described as follows. Firstly, it identifies the different sources of employee supply and checks their validity. The process involves selecting of the most suitable source and inviting the applications from the prospective candidate for the vacancy.

Recruitment may be defined as a process of bringing right people for the right position, at the right time to perform organisational activities in order to achieve the objectives. A recruitment policy also clearly articulates a company’s purpose or vision for the future. A well-executed recruitment strategy will also align employees with the precise behaviors that are encouraged in the company. It is concerned with identifying and attracting a pool of candidates to fill the organisational vacancies. Recruitment produces applications or applicants for specific positions to be filled in the organisation. In other words, it is a process of finding and attracting proficient applicants for employment. Recruitment is a constructive process where a pool of prospective employees is shaped and management select the right person for the right job from this pool. It provides a base for the selection process. Hence, theoretically recruitment process finishes with the receipt of applications. It is regarded as a positive process as it attracts a large number of qualified applicants who will take the career if it is offered.

It is concluded that recruitment is a process of searching for and securing applicants for the specific position to be filled. It specifies HR requirements through the generation of a pool of candidates for organisational vacancies. It classifies different sources of manpower. Recruitment process identifies the following:

* Recruitment process detects different sources of manpower supply;
* Recruitment measures their validity;
* Recruitment process selects the most suitable source;
* Recruitment process requests applications from prospective candidates;
* Recruitment process begins after preparing HR planning and conducting the job analysis. Therefore, it retains a relationship with other human resource activities.

Recruitment is a technique of figuring out and getting ready capability applicants to fill the software shape. It is a preliminary segment of the employment technique. Recruitment conjures up the capability applicants to fill the software shape for employment. It is the technique of bringing collectively folks who are providing jobs and people who researching for jobs. After estimating the want and requirement of human aid in an organization, the HR supervisor proceeds with the identity of sources of HR

that is termed as recruitment. A recruitment methods tarts with clearly know-how your company’s values in an effort toniceoutline and recognizes the worker behaviors you need to attract.

### Recruitment Process Identifies The Following

* recruitment process identifies different sources of manpower supply,
* recruitment process their validity,
* recruitment process choose the most suitable source and
* recruitment process invites applications from prospective candidates.
* recruitment process begins after preparing HR planning and conducting the job analysis. Therefore, it keeps a relationship with other human resource activityes.
  + 1. **Sources of Recruitment: Internal Sources of Recruitment**

“Recruitment is broadly classified into two different categories − Internal Sources

and External Sources.”

Internal recruitment seeks applicants for positions from within the company. The several internal sources comprise:

Promotions and Transfers: Promotion is a powerful method the use of activity posting and employees information. Job posting calls for notifying vacant positions with the aid of using posting notices, circulating guides or saying at workforce conferences and welcoming personnel to apply. Personnel information assist find out personnel who’re doing jobs underneath their academic qualifications or talent levels. Promotions has many benefits love itis right public relations, builds morale, encourages capable people who are ambitious, improves the possibility of appropriate choice on account that records at the individual’s overall performance is comfortably available, is inexpensive than going outdoor to recruit, the ones selected internally are acquainted with the enterpriseas a result lowering the orientation time and strength and additionally acts as a schooling tool for growing middle-degree and top-degree managers. However, promotions limitation the sector of choices toppings park ling blood &thoughts from getting into the enterprise. It additionally results in inbreeding in the enterprise. Transfers also are critical in offering personnel with a broad-primarily based totally view of the enterprise, important for destiny promotions.

Employee referrals: Employees can expand appropriate potentialities for his or her households and pals with the aid of using acquainting them with the benefits of aactivity with the agency, furnishing them with advent and inspiring them to apply. This is a totally powerful method as many certified humans may be reached at a totally low fee to the agency. The different benefits are that the personnel might carry best the ones referrals that they sense might be capable of ins ha pein the enterprise primarily based totally on their very own revel in. The enterprise may be confident of the reliability and the man or woman of the referrals. In this manner, the enterprise also can satisfy social responsibilities and create goodwill.

Former Employees: These consist of retired personne who reinclined to paintings on a part-time basis, people who left paintings and are inclined to return back again

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for better compensations. Even retrenched personnel are taken up as soon as again. The gain right here is that the humans are already known to the enterprise and there may be no want to discover their beyond overall performance and man or woman. Also, there may be no want of an orientation application for them, on account thatthey may be acquainted with the enterprise.

Dependents of deceased employees: Usually, banks observe this policy. If aworker dies, his / her partner or son or daughter is recruited of their area. This is commonly a powerful manner to satisfy social responsibility and create goodwill.

Recalls: When control faces a trouble, which may be solved best with the aid of using a supervisor who has proceeded on lengthy go away, it is able to de determined to consider that people after the trouble is solved, his go away can be extended.

Retirements: At times, control might not discover appropriate applicants in area of the only who had retired, after meritorious service. Under the circumstances, control might also additionally determine to name retired managers with new extension.

Internal notification (advertisement): Sometimes, control troubles an inner notification for the advantage of current personnel. Most personnel understand from their very own revel in approximately the requirement of the activity and what form of individual the agency is calling for. Often personnel have pals or associates who meet those requirements. Suitable people are appointed on the vacant posts.

## External Sources of Recruitment

### External Recruitment

External recruitment seeks candidates for positions from sources outdoor the agency. They have outnumbered the inner strategies. The numerous external sources include:

Professional or Trade Associations: Many institutions offer placement carriers to its participants. It includes compiling activity seeker’s lists and supplying get right of entry toto participants throughout nearby or countrywide conventions. Also, the guides of those institutions convey labeled commercials from employers interested by recruiting their participants. These are specifically beneficial for attracting incredibly educated, skilled or professional personnel. Also, the recruiters can 0 on in unique activity seekers, mainly for hard-to-fill technical posts.

Advertisements: It is a famous technique of in search of recruits, as many recruiters decide upon commercials due to their extensive attain. Want commercials describe the activity benefits, discover the corporation and inform the ones involved a way to apply. Newspaper is the maximum common medium however for incredibly specialized recruits, commercials can be located in expert or enterprise journals. Advertisements need to include right records just like the activity content, operating conditions, place of activity, repayment consisting of fringe benefits, activity specifications, boom aspects, etc. The commercial has to promote the concept that the agency and activity are ideal for the candidate. Recruitment commercials also can function company commercials to construct agency image. It additionally price powerful.

Employment Exchanges: Employment Exchanges were installation everywhere in thus of a in deference to the supply of the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959. The Act applies to all commercial institutions having 25 employees or extra every. The Act calls for all of the commercial institutions to inform the vacancies earlier than they’re filled. The foremost capabilities of the exchanges are to growth the pool of viable candidates and to do the initial screening. Thus, employment exchanges act as a hyperlink among the employers and the possible personnel. These places of work are specifically beneficial to in recruiting blue-collar, white collar and technical employees.

Campus Recruitments: Colleges, universities, studies laboratories, sports activities fields and institutes are fertile floor for recruiters, specifically the institutes. Campus Recruitment goes worldwide with organizations like HLL, Citibank, HCL-HP, ANZ Grind lays, L&T, Motorola and Reliance searching outworldwide markets. Some organizations recruit a given wide variety of applicants from those institutes each year. Campus recruitment is a lot fashionable that every college; college branch or institute could have a placement officer to address recruitment capabilities. However, it’s far regularly an highly-priced method, even though recruiting method produces activity gives and acceptances eventually. A majority go away the corporation within the first 5 years in their employment. Yet, it’s far a primary supply of recruitment for prestigious organizations.

Walk-ins, Write-ins and Talk-ins: The most common and least highly-priced technique for applicants is direct packages, wherein activity seekers post unsolicited software letters or resumes. Direct packages also can offer a pool of capability personnel to satisfy destiny needs. From personnel’ viewpoint, walk-ins are ideal as they’re loose from the hassles related to different strategies of recruitment. While direct packages are specifically powerful in filling entry-degree and unskilled vacancies, a few businesses bring together swimming pools of capability personnel from direct packages for professional positions. Write-ins are folks that ship written enquiries. These job seekers are requested to finish software paperwork for in addition processing. Talk- ins entails the activity aspirants assembly the recruiter (on an appropriated date) for specified talks. No software is needed to be submitted to the recruiter.

Contractors: They are used to recruit informal employees. The names of the employees aren’t entered in the agency data and, to this extent; problems skilled in retaining everlasting employees are avoided.

Consultants: They are in the career for recruiting and choosing managerial and governmental personnel. They are beneficial as they’ve national contacts and lend professionalism to the hiring method. They additionally preserve Potential Corporation and worker anonymous. However, the price may be a deterrent factor.

Head Hunters: They are beneficial in specialized and professional candidate operating in a selected agency. An agent is sent to symbolize the recruiting agency and provide is made to the candidate. This is a beneficial supply while each the organizations concerned are in the identical field, and the worker is reluctant to take the provide on the grounds that he fears, that his agency is trying out his loyalty.

Radio, Television and Internet: Radio and tv are used to attain positive forms of activity can did a test including professional employees. Radio and tv are used however

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sparingly, and that too, through authorities departments most effective. Companies in then on-public quarter are hesitant to apply the media due to excessive prices and additionally due to the fact they worry that such marketing and marketing will make the organizations appearance determined and harm their conservative image. However, there’s not anything inherently determined approximately the usage of radio and tv. It relies upon what’s stated and the wayit’s far delivered. Internet is turning into a famous choice for recruitment today. There are specialized sites like naukri.com. Also, web sites of organizations have a separate phase wherein; aspirants can post their resumes and packages. This offersa much broader attain.

Competitors: This technique is popularly acknowledged as “poaching” or “raiding” which entails figuring out the proper human beings in rival organizations, providing them higher phrases and luring them away. For instance, numerous executives of HMT left to sign up for Titan Watch Company. There are felony and moral troubles concerned in raiding rival companies for capability applicants. From the felony factor of view, aworker is predicted to sign up fora brand new corporation most effective after acquiring a ‘no objection certificate’ from his/ her gift corporation. Violating this requirement shall bind the worker to pay some months’ revenue to his/ her gift corporation as a punishment. However, there are numerous moral troubles connected to it.

Mergers and Acquisitions: When businesses combine, they’ve a pool of personnel, out of whom a few won’t be essential any longer. As a result, the brand new corporation has, in effect, a pool of certified activity candidates. As a result, new jobs can be created. Both new and antique jobs can be effortlessly staffed through drawing the best-certified candidates from this worker pool. This technique enables the on the spot implementation of acorporation’s strategic plan. It permits an corporation to pursue aenterprise plan, However, the want to displace personnel and to combine a massive wide variety of them alternatively fast into a brand new corporation manner that the personnel-making plans and choice method will become important extra than ever.

## Recruitment Process

### Process of Recruitment

“Recruitment refers to the process of identifying and attracting job seekers so as build a pool of qualified job applicants. The process comprises five related stages, viz

(a) planning, (b) strategy development, (c) searching, (d) screening, (e) evaluation and control.”

The perfect recruitment application is the only that draws a highlylargerange of certified candidates who will live to tell the tale the screening system and be given positions with the business enterprise while offered. Recruitment packages can pass overt he appropriate in lots of ways: through failing to draw a good enough applicant pool, through under/overselling the firm, or through inadequately screening candidates earlier than they input the choice system.

Thus, to method the appropriate, people answerable for the recruitment system should understand what number of and what sorts of personnel are needed, wherein and a way to search for people with the precise qualifications and interests, what inducements to use (or avoid) for numerous sorts of applicant groups, how to

differentiate can did a test who’re unqualified from the ones who’ve an affordable threat of success, and a way to compare their work.

### Recruitment Planning

“The first stage in the recruitment process is planning. Planning involves the translation of likely job vacancies and information about the nature of these jobs into a set of objectives or targets that specify (a) number, and (b) the type of applicants to be contacted.”

* Number of Contacts: Organizations, almost always, plans to draw extra candidates than they may hire. Some of these contacted can be uninterested, unqualified, or both. Each time a recruitment application is contemplated; one mission is to estimate the variety of candidates important to fill all vacancies with certified people.

### Strategy Development

“Once it is known how many and what type of recruits are required, serious consideration needs to be given to (a) make or ‘buy’ employees; (b) technological sophistication of recruitment and selection devices; (c) geographic distribution of labor markets comprising job seekers; (d) sources of recruitment; and (e) sequencing the activities in the recruitment process.”

In the very last analysis, companies recruit wherein revel in and instances dictate probable success. Recognizing this, many undertake an incremental method wherein preliminary efforts are focused in local or neighborhood exertions markets and extended simplest if those efforts fail to acquire the favored results.

### Searching

“Once a recruiting plan and strategy are worked out, the search process can begin.

The search involves two steps (i) source activation and (ii) selling.”

* Source Activation: Typically, sources and seek strategies are activated via way of means of the issuance of aworker requisition. This approach that no real recruiting takes region till line managers have proven that a emptiness does exist or will exist.

The programs acquired should be screened. Those who pass need to be contacted and invited for an interview. Unsuccessful candidates should be sent letters of regret.

* Selling: A second problem to be addressed in the looking procedure issues communications. Here, groups stroll a tightrope. On one hand, they need to do something they could to draw suited candidates. On the other, they should withstand the temptation of overselling their virtues.

In selling the company, each the message and the media deserve attention. The message refers back to the employment advertisement. With regard to media, it can be said that the effectiveness of any recruiting message relies upon at the media. Media are several-a few have low credibility, (employment exchanges, for example) whilst

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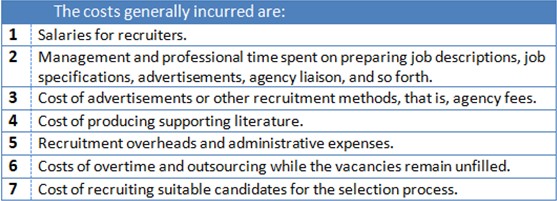
others experience excessive credibility (classified ads in enterprise magazines, for example). Selection of medium or media desires to be completed with a variety of care.

### Screening

Screening of programs may beseemed as an imperative a part of the recruiting procedure, though many view it because the first step in the selection procedure. Even the definition of recruitment excludes screening from its scope. However, screening is blanketed in recruitment for legitimate reasons. The selection procedure will start after the programs had been scrutinized and short listed. The hiring of professors at a college is a standard situation. Applications acquired in reaction to classified ads are screened and most effective eligible candidates are known as for an interview. The interview is performed via way of means of a choice committee comprising the Vice- Chancellor, Registrar, and situation experts. Here, the recruitment procedure extends up-to screening the programs. The selection procedure commences most effective later. The cause of screening is to dispose of from the recruitment procedure, at an early stage, the ones candidates who’re visibly unqualified for the job. Effective screening can store a notable deal of time and money. Care should be exercised, however, to guarantee the ones doubtlessly top personnel aren’t misplaced and that ladies and minorities acquire complete and honest attention and aren’t rejected with out justification.

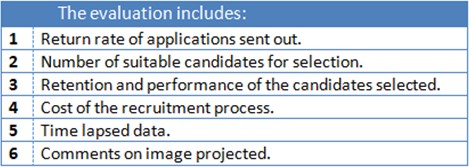
### Evaluation and Control

Evaluation and manage are important as big fees are incurred in the recruitment procedure.

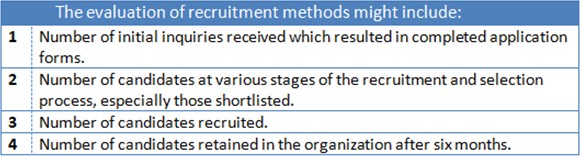


### Evaluation of Recruitment Process

The recruitment process has the purpose of searching for and obtaining applications from job-seekers in adequate numbers and excellence.



**Evaluation of Recruitment Process**



* + 1. **Factors Influencing Recruitment**

The recruitment feature of the businesses is direct or oblique methods affected with the aid of using a combination of numerous inner and outside forces.

The inner forces or the elements that may be managed with the aid of using the company and the outside elements are the ones elements which can’t be managed with the aid of using the company.

The internal and external forces affecting recruitment role of an enterprise are:

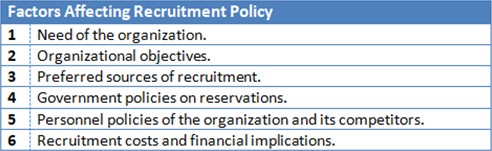
### Internal Factors

“The internal factors likewise term as endogenous elements are the components inside the association that impact selecting in the association.”

The internal forces i.e. the factors which can be controlled by the association are:

### Recruitment Policy

The recruitment coverage of the company i.e. recruiting from inner sources and outside has an effect on the recruitment technique. The recruitment coverage of company determines the locations or enlistment and offers a shape to utilization of recruitment program.



### Human Resource Planning

Effective human aid technique and process allow in solving the loops gift in the present manpower of the company. This allows to clear out the wide variety of personnel to be recruited and what type qualification and skills they should possess.

### Size of the Organization

The length of the company influences the recruitment technique. If the company is making plans to boom its operations and amplify its business, it’s going to consider hiring extra personnel, with a purpose to cope with its operations.

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### Cost involved in Recruitment

Recruitment technique additionally remember the fee to the employer, that’s why businessestry and employ/outsource the supply of recruitment with a purpose to be fee powerful to the company for every candidate.

### Growth and Expansion

Organization will make use of or remember utilizing extra paintings pressure in the occasion that it’s far growing its operations.

### External Factors

“The external forces are the forces which cannot be controlled by the organization.” The main external forces are given below:

### Supply and Demand

The availability of manpower each inside and outdoor the corporation is an vital thing in the recruitment process.

### Labour Market

Employment situations wherein the corporation is positioned will effected through the recruiting efforts of the corporation.

### Goodwill / Image of the organization

Image of the company is any other thing having its impact at the Different authorities controls forbidding separation in contracting and paintings have coordinate impact on enlistment practices. As taken Example, Govt. of India has the conference of reservation in paintings for booked standings/deliberate clans, bodily Disabled and so on. Additionally, change institutions have the sizable component in enrollment. This limits control freedom to picktheonesfolks who may be the high-quality performers. This can paintings as a capacity constraint for recruitment. A company with fantastic picture as an employer capable of simpler to draw and preserve personnel than an corporation with terrible picture. Associations moves and sports like top public relations, public carrier like, charity, construction and development roads, public parks, hospitals training and faculties assist earn picture or goodwill for corporation.

### Political-Social- Legal Environment

Different authorities controls forbidding separation in contracting and paintings have coordinate impact on enlistment practices.

### Unemployment Rate

The Element that have an impact on the supply of candidates is the economic system boom rate . At the factor while the corporation is not making new jobs, there may be often oversupply of certified paintings which thusly activates unemployment.

### Competitors

The recruitment regulations and procedure an of the competition additionally have an effect on the recruitment feature of the organizations. Time to time the businesses should change their recruitment regulations and manuals in step with the regulations being accompanied through the competition.

Recruitment is one of the important departments which area the proper applicants to the proper activity. The recruiters have to pick out the high-quality applicants from distinctive sources and activity sites. Recruiters should pick out the troubles confronted throughout recruitment and locate an opportunity to make paintings successfully that could fulfill recruitment purpose on time.

### Challenges & Complexities with Recruitment

If there are problems recruiting, this listing of 10 common recruitment demanding situations will assist you get a higher and better knowledge of why they occur and the way you may restore them.

### Attracting and Engaging Qualified Candidates

With the UK’s unemployment at its lowest degree it is turning into more and more tough for businesses to draw and have interaction certified applicants for his or her open positions.

It’s very much a candidate-pushed marketplace, which means it’s regularly the businessesthat’re competing, in preference to the applicants.

### Reaching Passive Candidates

With unemployment stages so low, it’s been envisioned that most effective 30% of the worldwide personnel are actively searching out for a brand new role. However, a whopping 74% of the personnel have been open to create a flow for a activity in 2016, which means that accomplishing passive applicants must be a concern for each commercial enterprise.

But locating passive applicants may be difficult because they aren’t searching out a brand new function. By this method they won’t be surfing activity forums or searching at activity advertisements on Linked In.

### Finding Local Candidates

A fundamental undertaking that smaller businesses regularly face is searching for certified applicants who stay inside commuting distance in their commercial enterprise.

People mostly need to travel so far and the skill sets to be in your vicinity could have a massive effect on how effortlessly you may locate new personnel.

### Slow Hiring Time

It probably involved sending applications to a long list of companies, answering the same questions repeatedly in telephone discussions with HR Managers and Recruiters, and organizing interviews with a few companies before finally accepting an offer.

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It’s hard work, and candidates want to move on with the process as quickly as possible in the same way that you want them to start as quickly as possible.

The average time to hire in the UK is 27.5 days. And it should come as no surprise that as much as 57% of job seekers lose interest in a job if the hiring process is too long.

### Retaining Top Employees

Finding and hiring wonderful personnel is simply the top of the iceberg – as soon as you’ve determined them the subsequent undertaking is developing surroundings wherein they need to stay!

It’s envisioned that 75% of the worldwide personnel may bemade from millennials via way of means of 2025, and they’re regularly searching out greater than only aggressive salary, so what are you providing that’s making your business enterprise stand out?

### Building a Strong Brand

According to Glass door, a activity applicant will study six opinions approximately a business enterprise earlier than forming an opinion approximately them and 69% of activity-seekers will now no longer take delivery of a activity with a business enterprise if it has a horrific reputation, so you’ve got a robust logo will assist and make sure you’re now no longer lacking out at the first-class applicants.

### Ensuring a Good Candidate Experience

With such low degree of unemployment, it is no surprise candidate could have a massive effect at the effectiveness of your recruitment.

Candidates have the energy to choose and pick out the roles they perceive for and could regularly keep away from overly-complex utility processes.

In fact, 60% of activity-seekers admitted stopped filling out an activity utility because of the fact the manner changed into being too lengthy.

But interestingly, developing a correct candidate revel in doesn’t simply assist you to entice greater applicants. 15% of activity-seekers placed forth greater attempt into their function in the event that they had a fantastic hiring revel in!

### Recruiting Fairly

Having a group made up from a numerous institution of personnel has many benefits.

Different cultures and backgrounds can assist your organizations to construct a higher knowledge of customers’ issues and studies have proven that various groups can clear up issues with greater promptness.

### Reactive Hiring

Almost each business enterprise is responsible of reactive recruitment. Someone fingers of their word, or gets a promotion, and most effective does the activity seeks begin. It looks like a logical manner.

But it can be as long as 2 – 3months among locating and interviewing a candidate, giving them time to portray their period, and virtually begin the activity.

Taking a proactive technique method you’re continuously operating to create a community of passive applicants, which permits you to react greater and speedily and decreases some time to hire.

### Not Making the Most of Data

There are a whole lot of metrics companies can track to help improve their hiring process, but often it can be difficult to know how to make the most of the data given and how much we have available these days.

It can be tempting to ignore the numbers and take up for a more traditional approach, but using the data you have available can have a huge impact on your business over the long term.

At the very least track should be kept of your time to hire and cost per hire and your marketing team should be able to help you track the source where your best candidates are coming from.

These can usually be handled by an ATS and will allow you to focus your efforts and reduce expenses for future hires.

* + 1. **Current & Future Recruitment Strategies Selection**

In order to get a higher understanding of what recruitment and choice is, an explanation will be provided for how recruitment and choice has modified through generation, social media and facts bases. Info on what’s anticipated for the destiny of recruitment and choice in human useful resource management will be supplied. The task may even define what developments are presently on this level and the way worker recruitment is an important characteristic for any affiliation to live on in today’s commercial global enterprise. The choice method is an important element of any affiliation recruitment method to ensure the maximum suitable humans are doing their function as a way to offer the first-class feasible provider in flip boosting profits.

### Recruitment and Selection in the Present

Employee recruitment is an important characteristic for any association to live on in today’s commercial enterprise worldwide. Currently in Ireland it is far more important for institutions to have an exposure. This exposure outlines all of the essentials tat is tics round recruitment and choice in an affiliation.

Since 2010, there was an inflow in the use of and counting on social networking sites to recruit group of workers and to have hyper links for the general public to use for jobs. It is now less difficult for recruiters due to the fact they now have on line to give admission to expert profiles. Linked In has ended up famous as it permits recruiters and process seekers specify what they’re seeking out making the whole method less difficult.

The most important approaches wherein generation has impacted recruitment and selection:

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* It facilitates to arrange for an affiliation- The Application tracking system (ATS) has now been evolved higher. It nevertheless types applicants in an order set via way of means of the affiliation and it manages the programs sent via way of means of applicants. This machine may be very crucial in lots of institutions these days as it is so green specifically with money and time.
* Online test-Since technology started it has made testing candidates easier. With application forms many organisations have aptitude tests and personality tests which can be done when candidates are filling out the application form online. This saves the time and money as its screens out people who do not pass the online tests.

Technology planning- The plans and process of an organisation has is usually dependent on technology. If there is a built in process in the technology it means everything will take less time, everything through this technology is fair towards the candidates and saves time and money.

Video interviewing –Video interviewing sometimes is an effective way for an organisation to interview candidates. It leaves out the arranging of meeting the candidates at particular times and place for the organisation. Video interviewing is far more effective than telephone interviews. Candidates are given the same process of face to face interviewers just lacking the physical aspect.

### Recruitment and Selection in the Future

It is far anticipated that predictive and prescriptive analytics might be used for recruitment and choice in institutions.

* The most important forecast is that the destiny might be greater device driven, even greater than it is far now. This is in order that institutions realize that they’re imparting the first-class becoming applicants the process.
* Predictive and prescription analytics is to assist institutions make higher and more potent selections. It can also apprehend applicants who’re appropriate for the function. It places the applicants who’re qualified, professional and has capability to be at the top. They’re placed through the choice segment first and given the benefit over slower competition.
* Social media advertising is forecasted as being the maximum used supply of recruiting. From a survey accomplished via way of means of‘Recruit Loop’ it is stated that over 50% of institutions plan to growth funding in social media and social recruiting.
* It is anticipated that computerization and robotics will take over via way of means of recruiters. This additionally stops bias. This has a poor effect on as many roles. Humans will then take over for the interview levelin.They’ll interview the pool of candidate’s that are selected via way of means of the structures. If the structures are green the interviewer(s) can have a tough time selecting among applicants and could depend closely at the competency framework.
* It is forecasted that around 10 years the applicants will now no longer have fill out software paperwork or CVs.However that humans can have gadgets with all their statistics on it. This saves process seekers from having to fill in software paperwork and additionally having their CV.

### Conclusion

From this venture it states that it’s far important that the recruitment and choice system is running effectively and correctly in today’s international due to the fact if it isn’t the personnel employed through it is able to have a poor effect at the affiliation.

**1.4.8 Selection - The Concept**

Selection is the system of choosing a certified man or woman who can efficiently do a task and supply precious contributions to the organization. A choice machine ought to rely upon task analysis. This guarantees that the choice standards are task associated and could offer significant organizational value.

Selection is probably described as cautious screening of recruited applicants (i.e. potential applicants) thru checking out and interviewing them; so that you can discovering ‘exceptional-fits’ from amongst them for venture to diverse jobs in the affiliation.

1. The process of selection is a process of elimination of unsuitable candidates at various stages, comprised in the selection procedure. The selection procedure might be compared to a hurdle-race; and those who clear through all the hurdles and emerge victorious are the ones, who get finally selected.
2. The fundamental intention of management behind conducting the selection procedure is to discover the ‘best-fits’ from among the group of recruited candidates, for assignment to various jobs, in the association. It has been the observation of psychologists, as also of management experts that a ‘misfit’ is never efficient. “

A misfit could usually locate faults together along with his task (as a horrific workman usually quarrels together along with his tools); and is probably to be psychologically disenchanted all of the time; and each the control and the misfit might be cursing every other, off and on. In fact, for spherical holes there ought to be spherical pegs; and for rectangular holes there ought to be rectangular pegs. Hence, the importance of selection or choice.

## Significance of Selection

Significance of selection is probably added to limelight, as regards to the subsequent advantages, which it gives to the affiliation:

### i) Reduced Labor Turnover:

Properly decided on applicants experience like staying in the affiliation; as appropriate paintings on matching jobs, assigned to them is a supply of pleasure to them. Hence, the phenomenon of needless labor turnover is fantastically minimized – making for a solid labor pressure in the affiliation. This advantages each the affiliation and the worker.

### Lesser Need for Training:

Properly decided on employees showcase a lesser want for schooling; as their suitability for the roles to be assigned to them, has already been established thru the choice-method. As such the need for arranging ‘routine-schooling programmes’ for such

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employees is regulations out – saving affiliation’s time, efforts and expenses concerned in undertaking such schooling programmes.

### Self-Motivation and High Morale:

When appropriate applicants (i.e. ‘exceptional-fits’) are assigned to matching jobs; such employees experience self-encouraged toward the exceptional overall performance of’ their jobs. The steady nation of self-motivation over a time frame enables in constructing excessive morale of such employees, for the affiliation.

### iv) More and Better Production – leading to profit maximization:

A by-product benefit of the ‘self-motivation and excessive morale’ is that the production (or overall performance) grew to become out by ‘exceptional fits’ isn’t best greater in quantity; however is likewise of aadvanced quality. This phenomenon ends in earnings maximization, for the enterprise, in the long-run.

### (v) Good Human Relations:

As aend result of top selections, there’s a higher surroundings for running in the affiliation. Such surroundings enables to sell top human family members in the affiliation; that is one of the fantastically valued belongings of the affiliation.

* + 1. **Steps/Process of Selection**

The quantity of personnel required in future, nature in their body of workers problems and the retention coverage is predicted via way of means of the managers thru HR planning. Hence, HRP comes earlier than the manner of choice of personnel. These elements are used at the same time as recruiting the candidates for filling open task positions in an agency. When certified human beings are decided on to fill the vacant positions, it’s far referred to as because the manner of selection.

In the manner of selection, the maximum certified human beings are decided on over those who aren’t healthy for the task. This is carried out with the assist of matching the maximum appropriate candidate with the specified task description.

If you need to pick out the personnel with the very best potential, the assessment center (AC) is the maximum reliable approach to do so. The method combines one of a kind conditions and responsibilities which correspond to the skills required to perform the particular task successfully. The AC center is commonly designed for 1 day. The numerous responsibilities are in shape of position-playing, giving presentations, case studies, etc. Psychometric checking out additionally performs an essential position in the manner of selection.

The 7 Stages of the Selection Process

“The Selection is a cycle of picking the correct applicant with essential capabilities and capacities to fill the positions in the association.”

The choice manner could be very protracted and thoughts boggling because it consists of a development of steps previous to making the ultimate willpower. The approach of willpower may also change from enterprise to enterprise, agency to

agency or even from department to department. Each affiliation plans its choice cycle, remembering the earnestness of using people and the necessities for the task vacancy.

### Selection Process

The selection strategy involves following precise advances:

1. **Preliminary Interview:** The preliminary interview is also called as a screening interview wherein those applicants are removed from the further selection procedure who does not meet the bare minimum eligibility criteria as needed by the association.

Here, the people are checked for their academic capabilities, skills & abilities, family foundations and their advantage in working with the firm. This is less formal and is fundamentally never really out the unacceptable up-and-comers especially prior to continuing with an undeniable selection cycle.

1. **Receiving Applications**: Once the person meets the criteria in the preliminary interview, he is obligatory to fill in the application form in the prescribed layout. This application contains the applicant data such as age, aptitude, knowledge, etc. This data causes the questioner to get the reasonable thought regarding the up-and- comer and plan inquiries to get more data about him.
2. **Screening Applications**: Once the applications are gotten, these are screened by the screening board of trustees, who at that point set up top notch of those candidates whom they find appropriate for the meetings. The short listing standards could be the age, sex, capability, experience of a person. When the rundown is readied, the certified applicants are required the meeting either through an enlisted mail or messages.
3. **Employment Tests:** In request to check the psychological capacity and range of abilities of an individual, a few tests are directed. For example, knowledge tests, inclination tests, interest tests, aptitude tests, character tests, and so forth. These tests are directed to pass judgment on the reasonableness of the contender for the work.
4. **Employment Interview:** The one-on-one meeting with the up-and-comer is directed to acquire experiences about him. Here, the questioner poses inquiries from the candidate to find more about him and to give him the precise image of the sort of a work he is needed to perform. Likewise, the preparation of certain hierarchical arrangements is done, which is urgent in the exhibition of the work. Through a meeting, it is simpler for the business to comprehend the up-and-comer’s assumptions from the work and furthermore his relational abilities alongside the certainty level can be checked at this stage.
5. **Checking References:** The organizations typically request the references from the contender to cross check the validness of the data gave by him. These references could be from the schooling foundation from where the competitor has finished his examinations or from his past business where he was once locked in. These references are checked to know the direct and conduct of an individual and furthermore his capability of learning new openings. The organizations typically request the references from the contender to cross check the validness of the data gave by him. These references could be from the schooling foundation from where

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the competitor has finished his examinations or from his past business where he was once locked in. These references are checked to know the direct and conduct of an individual and furthermore his capability of learning new openings.

1. **Medical Examination:** Here the physical and mental fitness of the candidate are checked to guarantee that he is fit for playing out the work. In certain associations, the medical assessment is done at the absolute starting point of the selection while at times it is done after the last choice.

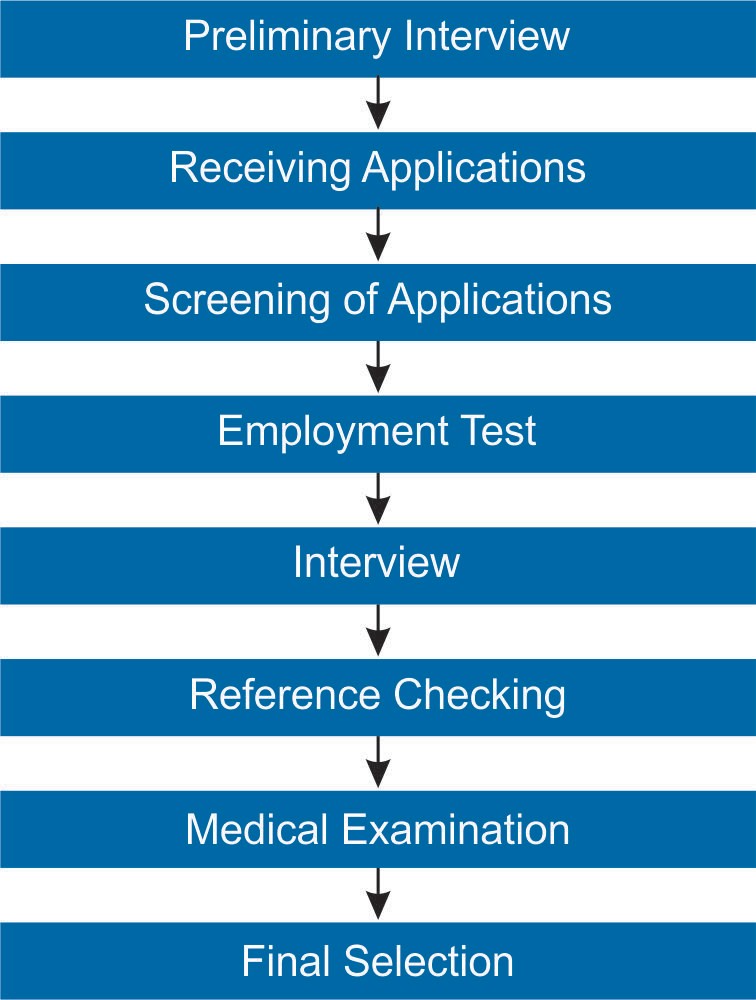
Accordingly, this stage isn’t unbending and can occur anyplace all the while. The medical assessment is a significant advance in the choice cycle as it helps in discovering the candidate’s actual capacity to satisfy the job necessities.

1. **Final Selection:** Lastly, the applicant who qualifies all the rounds of a selection process is given the appointment letter to join the firm.

Subsequently, the selection is mind boggling and a long cycle as it includes a few phases than an individual needs to qualify prior to getting at last chosen for the work.

### Basic Testing concepts

“Selection is therefore significant. A test is essentially an illustration of an individual’s conduct. By means of a test it helps to assume the device is both reliable and valid.”



### Conclusion

Selecting and hiring pinnacle applicants is prime to the long-time period viability of any organization. Having a robust choice method facilitates to construct a aggressive benefit for the organization. For that reason, it’s miles one of the key contributions that HR can offer to the business.

* + 1. **Types of Selection Tests**

Types of selection apparatus and test methods:

* Cognitive ability tests measure knowledge and intelligence. The most widely recognized sorts, IQ tests, and measure general mental capacity. Different tests check verbal capacity, math abilities, spatial discernment, or inductive and deductive thinking.
* Physical ability tests measure strength, perseverance, patience and solid movement.
* Aptitude tests measure a candidate’s capacity to get familiar with a new ability.
* Personality tests measure attributes, for example, mentalities, enthusiastic change, interests, relational relations and inspiration. Employers frequently utilize these apparatuses; however, pundits state they are an attack of security and irrelevant to work execution.
* Honesty and integrity tests measure a candidate’s inclination toward bothersome practices, for example, lying, taking, consuming medications or mishandling liquor. Two kinds of tests survey trustworthiness and honesty.
* Overt integrity tests ask explicit often questions about honesty, including perspectives and conduct in regards to burglary.
* Personality-oriented (covert) integrity tests use psychological concepts for example, steadfastness and regard for power. Pundits have said these devices may attack security and produce self-implication. They additionally guarantee that up-and-comers can decipher the inquiries’ aim and give quite sensitive answers. A few states have guidelines in regards to these kinds of tests, so bosses ought to talk with lawful advice prior to actualizing.
* Polygraph tests give a demonstrative assessment on an applicant’s genuineness, yet their legitimacy has been raised doubt about, which has prompted limitations on their utilization. The Employee Polygraph Protection Act of 1988 denies bosses from requiring or mentioning pre-work polygraphs under most conditions.
* Medical examinations decide if an applicant can play out the fundamental obligations of a particular position (e.g., twisting, lifting, strolling and sitting). The ADA forbids pre-offer clinical assessments.”

To actualize a pre-employment checking out measure, the commercial enterprise should 1) discern out which checks are vital; 2) pick or increase a check that well assesses the information, aptitudes, capacities and distinctive qualities (KSAOs) required; and 3) display screen usage of the check. Executing a valid checking out cycle may be tedious, but the abundance of records amassed would possibly benefit the exertion.

The first step is to identify the KSAOS required to perform the job:

* + Knowledge is information the employee must process 9e.t., knowledge of accounting principles).
  + Skills are learned behaviours needed to successfully perform a job (e.g., typing).

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* + abilities are observable behaviours, including those needed to perform the physical requirements of the job (e.g., climbing staris, lifting).
  + Other characteristics include any other job requirements (e.g., attitude, reliability).

## Difference between Recruitment & Selection

“Recruitment is a process of searching out the potential applicants and inspiring them to apply for the actual or anticipated vacancy. On the other hand, Selection is a process of hiring employees among the short listed candidates and providing them a job in the organization.”

Due to growth in population, getting an amazing activity isn’t always a smooth task. Employers need the proper candidate for the involved position. The big deliver of team of workers has given them the possibility to pick out the fine talent.

Nowadays, there may be a totally prolonged manner for appointment of an worker to a post. There are primary tiers which can be heard through you masses and masses of times; they’re recruitment and choice. Most people view them because thee qual thing. But, they’re pretty exceptional in that means and behaviour. Read the object furnished under that explains the distinction among recruitment and choice in human aid management (HRM) in tabular form.

|  |  |  |
| --- | --- | --- |
| **Basis For Comparison** | **Recruitment** | **Selection** |
| Meaning | Recruitment is an activity of searching candidates and encouraging them apply for it. | Selection refers to the process of selecting the best candidates and offering them job. |
| Approach | Positive | Negative |
| Objective | Inviting more and more candidates to apply for the vacant post. | Picking up the most suitable candidate and rejecting the rest. |
| Key Factor | Advertising the job | Appointment of the candidate |
| Sequence | First | Second |
| Process | Vacancies are notified by the firm through various sources and application form is made available to the candidate. | The firm makes applicant pass through various levels like submitting form, written test, interview, medical test and so on. |
| Contractual Relation | As recruitment only implies the communication of vacancies, no contractual relation is established. | Selection involves the creation of contractual relation between the employer and employee. |
| Method | Economical | Expensive |

### Check Your Understanding

* + - 1. The interview is also called as a screening interview wherein those

applicants are removed from the further selection procedure who does not meet the bare minimum eligibility criteria as needed by the association.

* + - 1. Selection is the system of choosing a certified man or woman who can efficiently do

a task and supply precious contributions to the organization. State true or false.

* + - 1. The recruitment feature of the businesses is direct or oblique methods affected with the aid of usinga combination of numerous forces.

### Summary

Recruitment refers to the process of workers being recognized, attracted, interviewed, chosen, hired and on boarded. In other words, it covers anything from defining to filling a staffing need.

Recruitment is the responsibility of a number of staff, depending on the size of an organization. Larger companies may have entire recruitment teams, while some may have only one recruiter. In small uniforms, recruiting may be the responsibility of the hiring manager.

Recruiting is a very straightforward process at its core. It involves finding applicants and recruiting them to fill open vacancies. Efficient hiring, however, blends a bit of art with science. It needs repeatable processes to be implemented that, on the one hand, can lead to reliable results. On the other hand, in order to find the perfect candidate, thinking outside the box needs sophistication.

### Activity

1. Do an Internet search for “Job description’. Review three different job descriptions and then answer the following questions for each of the jobs:
   1. What are the job specifications?
   2. Are the physical demands mentioned?
   3. Is this job description task based or competency based?
   4. How might you change this job description to obtain more qualified candidates?
2. Develop a job description.

### Questions and Exercises

1. What is the concept of Recruitment?
2. Differentiate between the internal and external sources of recruitment.
3. What do you understand by Recruitment Process?
4. List the factors influencing recruitment.
5. What are the challenges and complexities that come with recruitment?
6. Discuss about the Current and Future Recruitment Strategies Selection.
7. What do you understand by the term Selection? What is its significance? Explain the

process of Selection.

1. What are the different types of Selection Tests?
2. Differentiate between Recruitment and Selection.

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### Glossary

* **Selection:** it is the system of choosing a certified man or woman who can efficiently do a task and supply precious contributions to the organization.
* **Recruitment:** it refers to the process of identifying, attracting, interviewing, selecting, hiring and on boarding employees. In other words, it involves everything from the identification of a staffing need to filling it.

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  3. The Consultative Recruiter: The Key to Faster Fills, More Candidates & Happier Hiring Managers by Katherine Moody

### Answers to Check Your Progress

1. Preliminary
2. True
3. Internal and external

# Unit-2.5: Induction Process

## Objectives

### At the end of this unit you will be able to comprehend:

* Induction in Association – Concept
* An Induction Programme and its Need
* Objectives of Induction Programme
* Induction Programme – The Process (Who should do the Induction)

## Introduction

“Induction is the process of receiving and welcoming an employee when he/she first joins the company, and giving him/her the basic information he/she needs, to settle down quickly and start work.”

Induction or orientation is a deliberate advent of the brand new recruits to the employer, the activity, and their colleagues. The procedure of induction enables an employer keep its talents.

## Induction in Associations- The Concept

“Introduction of a new entrant into any existing group of people has been a common feature we come across in our everyday life. Recall, the bride on joining to (your) family was introduced to (your) family members and manners. Remember your own joining to your present Department of Business Administration.”

On becoming a member of the Department, you can had been advised approximately the Department’s regulations and regulations, the technique for educational sports which include sessional tests, assignments, seminar presentations, summer time season training, semester examination, papers to study with the names of the teachers, etc.

You had been likely brought on your seniors via way of means of organizing ‘fresher’s welcome’.Similarly, when a person joins a new job, he/she also needs the same type of introduction to his/her job and the association. This introduction is called ‘induction’. Induction is also known as ‘orientation’ and ‘indoctrination’.

A new entrant joins an association as a stranger to his co-workers, job and association. This causes the early anxiety for the fresh entrant. It culminates at period to revelation resignation by the new worker. Hence, arrangements need to be made to make the integration of the new employee into the association as smooth and as free of anxiety as possible. Induction helps do so.

Induction is welcoming a new employee to the association.

In different words, it’s miles a nicely orches¬trated occasion to socialize the brand new entrant with the humans and the paintings surroundings in a specific employer.

“According to Michael Armstrong “Induction is the process of receiving and welcoming an employee when he first joins a company and giving him basic information

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he needs to settle down quickly and happily and start work”.”

“B.P. Billimoria defined induction as “a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the practices, policies and purposes of the association.” In short, induction is, therefore, the process of welcoming, indoctrination and socialization of new employee to his/her job and association.”

## An induction Programme, its Need

Induction Process – Process of Induction Programme Adopted in an Association The induction procedure is achievedvia way of means of nearly all organizations.

The new recruits of the enterprise get a possibility to satisfy the senior control in addition to their peers. It is at some stage in induction that the brand new recruits are educated in the capabilities that need to be mastered for you to carry out their duties.

It is critical for the brand new recruits to fulfill all of the responsibilities associated with induction, which include attending induction workshops, conforming to the code of conduct, and executing all responsibilities (learn-meet-paintings) that can be described in the induction plan of the employer. They additionally want top resent remarks to the HR regarding all induction-associated procedures and materials.

Induction follows the recruitment and selection procedures. It is the procedure that brings in new personnel into an employer and engages them. The cause of induction is to make sure that the personnel know what’s anticipated of them, and direct them on how they could upload price to the enterprise. The procedures tarts with the primary touch of the brand new recruit with the employer, and ends whilst the personnel had been completely incorporated into the employer.

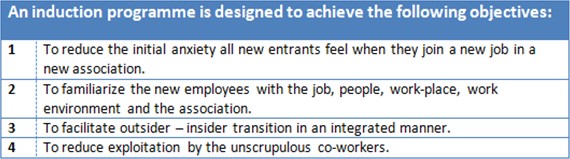
Induction is the procedure of receiving and alluring an worker whilst he/she first joins the enterprise, and giving him/her the primary statistics he/she desires, to calm down quick and begin paintings. Induction or orientation is a deliberate advent of the brand new recruits to the employer, the activity, and their colleagues. The procedure of induction enables an employer keep its talents.

Induction bureaucracy an critical detail of the recruitment procedure; it isn’t most effective a pleasant gesture, however if nicely done, additionally guarantees worker retention.

## Objectives of Induction Programme

When a brand new entrant joins an affiliation, he/she is an utter stranger to the co- worker, paintings ¬area and paintings surroundings. As such, he/she may also sense insecure, shy and nervous. The first few days can be all tense and worrying ones for the brand new entrant.

Particularly while a brand new entrant comes from rural area, he/she unearths himself/herself absolutely at sea in a commercial metropolis and city. Then, induction allows lessen such anxieties and dispels doubts and anxiety from the thoughts of the brand new entrant.



Some corporations additionally like to spotlight the health-care blessings furnished for the duration of orientation. Every corporation systems its orientation programme in line with its needs. New recruits must be endorsed to interact, speak their issues, and analyze from one another. It is ideal for employ¬ees to get to know coworkers from different divisions, and orientation can cross an extended manner in the direction of constructing bonds amongst departments. Finally, a worker manual can be furnished to the brand new recruits.

## Induction Programme - the Process, who should do the Induction

Various steps involved in an induction programmerely upon the manner wherein it’s far carried out. Some corporations adopt it as an casual procedure and might remaining for some hours; others take it in extra complete manner and may work for plenty days.

For example, in KPMG, a consulting firm, orientation programme, called acclimatization, for rookies lasts for 6 months for the duration of which each stakeholders — the worker and the employer — get an possibility to apprehend every different. In this period, the people are anticipated to have technical finesse, display adaptability, a feel of team-play, and show capacity to address the given quantity of work.

Thus, the stairs worried in orientation programme are affected in large part via way of means of the insurance of the programme. A extra complete orientation programme is going via the procedure.

Thus, an orientation programme is carried out collectively via way of means of HR branch and the road employees from the branch wherein the brand new personnel could be positioned. If a set of personnel has a mixture of employees who could be positioned in extraordinary departments of the agency, the preliminary orientation is carried out via way of means of HR branch and, subsequently, personnel are divided into agencies on the idea of departments wherein they’re probable to be positioned.

The position of HR branch is to offer records approximately organizational issues, HR rules and rules, worker blessings, and creation to key employees. Line manager offers records approximately particular activity, its location, obligations worried, and different activity functions except introducing the personnel to different employees in the branch.

After the preliminary orientation programme is over, a unique tension discount seminar is prepared wherein representatives from HR branch, line departments,

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and all rookies participate. The seminar that is in the shape of two-manner verbal exchange procedure, ambitions at decreasing the tension of the brand new personnel approximately the agency and jobs via way of means of supplying the records and its readability associated with those issues.

After the orientation programme is over, the personnel are noted placement procedure. Orientation programme is much like a rite for plenty corporations in Japan. Therefore, it is going to be applicable to perceive the procedure as it’s far taken there and what results it has over the personnel.

Induction Process – Process of Induction Programme Adopted in an Association

The induction procedure is done via way of means of nearly all organizations. The new recruits of the corporation get an possibility to satisfy the senior control in addition to their peers. It is for the duration of induction that the brand new recruits are skilled in the talents that must be mastered with the intention to carry out their obligations.

It is crucial for the brand new recruits to fulfil all of the obligations associated with induction, which includes attending induction workshops, conforming to the code of conduct, and executing all obligations (analyze-meet-paintings) that can be described in the induction plan of the agency. They additionally want to provider em arks to the HR regarding all induction-associated methods and materials.

Induction follows the recruitment and choice methods. It is the procedure that brings in new personnel into an agency and engages them. The cause of induction is to make sure that the personnel recognize what’s anticipated of them, and direct them on how they could upload fee to the corporation. The procedures tarts with the primary touch of the brand new recruit with the agency, and ends while the personnel were completely incorporated into the agency.

Induction is the procedure of receiving and alluring an worker while he/she first joins the corporation, and giving him/her the primary records he/she needs, to calm down fast and begin paintings. Induction or orientation is a deliberate creation of the brand new recruits to the agency, the activity, and their colleagues. The procedure of induction allows an agency preserve its talents.

Induction bureaucracy an crucial detail of the recruitment procedure; it isn’t best a pleasing gesture, however if nicely achieved, additionally guarantees worker retention.

|  |  |
| --- | --- |
| **Induction enables new employees to do the following:** | |
| 1 | Ramp up quickly with their new tasks. Therefore, the process also applies to those who are transferred within the company, and/or to other business units. |
| 2 | Obtain an in-depth understanding of the company’s practices, guiding principles, values, and objectives. |
| 3 | Gain the knowledge and skills needed to perform their new role, and to accomplish  the tasks efficiently and effectively. |
| 4 | Feel welcome in the company they have joined, thereby avoiding the stress of guessing what is expected of them. |

This can be carried out by the subsequent means:

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* + - 1. Providing the new worker a welcome pack earlier than or on the day of joining
      2. Introducing the new worker to the team, peers, and key contacts, and ensuring capability & skill development regarding values, systems, procedures, policies, and key strategic objectives
      3. Providing the new recruits a friend (Harish, mentioned in the opening case, is a buddy) or a guide to ease the change
      4. Conducting the induction plan that contains tasks for the primary three months
      5. Conducting a planned induction seminar and other role-specific learning

solutions.

Induction familiarizes the brand new recruits to the agency’s functioning in order that they emerge as extra efficient in the least feasible time;it’s fara method of honing the staff to extra performance, preci¬sion, and perfection.

### Check Your Understanding

1. is the process of receiving and welcoming an employee when he/she first joins the company, and giving him/her the basic information he/she needs, to settle down quickly and start work.
2. Induction follows the recruitment and choice methods. It is the procedure that brings in new personnel into an agency and engages them. State true or false.
3. The of the enterprise get a possibility to satisfy the senior control in addition to their peers. It is at some stage in induction that the brand new recruits are educated in the capabilities that need to be mastered for you to carry out their duties.

### Summary

In induction a new employee would be new to the company and to its procedures, laws and current staff when a new employee returns to duty. The new worker is going to be a stranger to the job, the place and the whole environment. He cannot act with trust and enjoyment unless he is acquainted with the organization. There is also a need for an employee to be added to the company, which is technically called induction.

Induction involves the transition to the job and the organization of a new employee. When he first joins an organization, it is the process of obtaining and accepting an employee and giving him the basic details he needs to settle down easily and happily and begins to work. To make him feel at home and create in him a feeling of belonging to the organization is a welcoming process. The new comer is clarified in the induction process his roles and obligations, company laws, policies and regulations in order to make him familiar to the organization.

### Activity

1. Identify any training and development needs that have to be met to enable you to undertake your role effectively in the reference to induction.

### Questions and Exercises

1. What is Induction in an association? What is the concept behind it?

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1. Briefly discuss about the Induction Programme and its requirement.
2. Discuss the objectives of Induction Programme.
3. What is the process of Induction programme? Who should do the induction?
4. How does induction help the new employees?

### Glossary

* **Induction**: it is the process of receiving and welcoming an employee when he/she first joins the company, and giving him/her the basic information he/she needs, to settle down quickly and start work.”

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  2. HR from the Outside In: Six Competencies for the Future of Human Resources Dave Ulrich, Jon Younger, Wayne Brock bank, Mike Ulrich

### Answers to Check Your Progress

1. Induction
2. True
3. New recruits

# Unit-2.6: Placement Process

## Objectives

### At the end of this unit you will be able to comprehend:

* Placement – The Concept and Definition
* Importance of Placement in Associations
* Considerations while placing an Employee

## Introduction

In the words of Pigors and Myers, “Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job.”

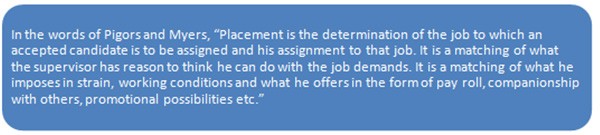
It is an identical of what the manager has purpose to assume he can do with the activity demands. It is an identical of what he imposes in strain, running situations and what he gives in the shape of pay roll, companionship with others, promotional opportunities etc.

A properly positioned worker could be an asset to the agency. Proper placement makes the worker glad and decreases absenteeism and labor turnover. Proper placement will increase morale and performance of the personnel and builds a very good relation with the employer.

A candidate who passes all of the steps in the selection procedure is then provided the activity. The placement trouble arises while the chosen candidate involves the affiliation for becoming a member of the activity. It is crucial to peer that the proper guy must be positioned at the proper activity.

## Placement - The Concept & Definition

When the candidate is chosen for a specific submit and while he reviews to duty, the agency has to area her or him in the activity for which she or he is chosen that is being achieved via placement. Placement is the act of supplying the activity to a subsequently decided on candidate. It is the act of subsequently assigning the rank and obligation to a worker, figuring out him with a specific activity.



A properly positioned worker could be an asset to the agency. Proper placement makes the worker glad and decreases absenteeism and labor turnover. Proper placement will increase morale and performance of the personnel and builds a very good relation with the employer.

Increased production, advanced nice of the product, regularity in paintings and attendance imply right placement of a worker. It must be stated that, manager or a

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government must constantly maintain an eye fixed on newly recruited worker to make sure whether or not an worker is nicely positioned or mis¬-positioned.

If any symptom of misplacement is observed, movement must be taken for correct placement or essential education programme must be organized to make the worker healthy for the activity. For this purpose, preliminary appointment could be a “Probationary period” that is called “trial period” for the newly recruited personnel. On a hit crowning glory of the probationary period, generally, worker could be regularized on everlasting basis.

A candidate who passes all of the steps in the selection procedure is then provided the activity. The placement trouble arises while the chosen candidate involves the affiliation for becoming a member of the activity. It is crucial to peer that the proper guy must be positioned at the proper activity.

Therefore, it’s faressential that each affiliation must have the right placement scheme which guarantees that proper guy is positioned on the proper area in the affiliation. The new personnel must be positioned at the roles which healthy with them.

Therefore placement is a procedure of matching the roles and the man or woman and location happens while the man or woman is assigned with the specific activity. In the easy phrases placement is involved with the sending of newly decided on employees to a few branch for paintings. It is likewise involved with the mission of authority and obligation to the brand new comer in the affiliation.

## Importance of Placement in Associations

|  |  |
| --- | --- |
| **Placement is an important HR function, and if properly handled, it does the following** | |
| 1 | Improves the morale of the employees |
| 2 | Reduces employee turnover |
| 3 | Decreases accident rates |
| 4 | Enhances labor Productivity |
| 5 | Clarifies expectations |

A man or woman can make contributions as according to the predetermined targets. Right placement improves worker morale, and the worker contributes more; decrease absenteeism allows accomplishing transport targets; decreased manpower attrition and turnover makes the recruitment cell, cost- and time-efficient.

When the character of obligation and needs of the activity are matched with the intrinsic wishes of the worker, it complements his/her activity pride which, in turn, promotes business relations. It enables the worker paintings and the targets of the organization.

After selecting personnel, its miles the duty of human aid controls to region them on appropriate activity. An out of place worker stays upset and can do the activity as early as he receives every other opportunity. It is, therefore, vital to familiarize the chosen personnel with the activity, the organization and different personnel in order that he feels snug and at domestic with the brand new step up. If personnel are nicely

placed, inducted and socialized with the brand new activity they may con¬centrate at the activity and provide acceptable performance.

|  |  |
| --- | --- |
| **Placement-Importance** | |
| 1 | If the employees are properly placed, they will enjoy their work and association will not have to suffer the problem of employee turnover. |
| 2 | If employees don’t like their work, they start making escuses from the job and remain absent. Effective placement will keep the absenteeism rate low. |
| 3. | Morale of workers increases because they get the work of their choice, if correctly palced. |
| 4 | Workers will work attentively and safety of workers will be ensured and lesser accidents will happen. |
| 5 | workers will be satisfied with their jobs and there will be no reasons fo disputes,  so human relations will improve. |
| 6 | through proper placement, misfit between the job and person can be avoided. |
| 7 | Efficient and effective performance of individual tasks will ensure the achievement  of associational goals. |
| 8 | Productivity i.e., ratio of output to input increases as wastage and abnormal losses decrease. |

“Placement should be done keeping into view the job and social, psychological & emotional needs of person.”

## Considerations while Placing an Employee

|  |  |  |
| --- | --- | --- |
| **The following principles are required to be observed while making placement of an employee** | | |
| 1 | Job requirement | Man should be placed on the job according to the requirement  of the job rather than qualification and requirement of the man. |
| 2 | Qualification | The job offered should match with the qualification possessed  by an employee. |
| 3 | Information | All the information relating to the job should be given to the employees along with the prevailing working condition. They should also be made known that they have to pay penalty for wrong doing. |
| 4 | Loyalty and Co- operation | Every effort should be made to develop a sense of loyalty and co-operation in employees to make them understand their responsibilities. |

### Check Your Understanding

1. In the words of , “Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job.
2. After selecting personnel, its miles the duty of human aid controls to region them on appropriate activity. State true or false.

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1. Proper placement makes the worker glad and increases absenteeism and labor turnover. Proper placement will increase morale and performance of the personnel and builds a very good relation with the employer. State true or false.

### Summary

The allocation of individuals to jobs is understood as placement. If the number of individuals is high in comparison to the available jobs, it is only possible to pick and position the best eligible individuals.

Once we create this unique profile for each person, within the constraints set by available people and jobs can be matched optimally.

It’s faressential that each affiliation must have the right placement scheme which guarantees that proper guy is positioned on the proper area in the affiliation. The new personnel must be positioned at the roles which healthy with them.

Therefore placement is a procedure of matching the roles and the man or woman and location happens while the man or woman is assigned with the specific activity.

### Activity

1. List the criterions for placement process.

### Questions and Exercises

1. Define Placement.
2. What is the concept behind Placement?
3. What is the importance of placement in associations?
4. What are the considerations while placing an employee?

### Glossary

* **Placement:** it is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job.

### Further Readings and Bibliography

* 1. de Kok, J. and Lorraine M. Uhlaner, “Organization Context and Human Resource Management in the Small Firm” (Tinbergen Institute Discussion Papers 01-038/3, Tinbergen Institute, 2001), accessed August 13, 2011, http:// ideas.repec.org/s/dgr/uvatin.html.
  2. Human resource management by Gary Dessler

### Answers to Check Your Progress

1. Pigors and Myers
2. True
3. False

**Case Study-1**

AMS Fertilizers is a 11-year-old fertilizer manufacturing company in Punjab, decided to expand their business in 3 other states namely Karnataka, Tamilnadu and Assam where the product is having good demand. They planned to approach farmers directly to understand their demands and also the dealers in the said state to establish the products.

Mr. Aditya who is looking after the HR department of AMS was been called by Mr. AM Singh. He informed Aditya that, “Aditya today I am excited as we are expanding our business in other parts also. So, I want you to identify best candidates for our marketing department who can establish our products in the new market”. He continued, Aditya I want 3 best marketing candidates in place within a week. Don’t wait for any further order complete the task in a best possible way.” Mr. Aditya also started his work with immediate effect.

He finalized 3 best candidates namely Mr. Kushwa, Mr. Dev and Mr. Bowmick. All the three candidates were having good experience and excellent track record in top fertilizer companies. After Recruitment Mr. Aditya introduced them to Mr. AM Singh thereafter Mr. Singh assigned with their duties.

Challenge to MR. Aditya

After a month Mr. AM Singh called Mr. Aditya and started a heated argument as follows, “Aditya I believed you and asked you to recruit 3 best candidates, Once you finalized I didn’t had a second thought, I placed them for the task and you blasted all my dreams”. Confused Aditya asked in a polite voice “But sir I brought best candidates, I am not able to understand the issue sir. I didn’t even get the opportunity to meet them after I left them in your cabin”

Mr. Singh said “OK, let me explain you clearly. Except Mr. Bowmick who is placed in Assam, both of your other 2 candidates could not bring any business, they failed and are in verge to give up themselves. So Mr. Aditya tell me what should I do now. Why should I pay you if you are unable to do even a basic HR job.”

### Questions

1. What went wrong in the case?
2. Who is at fault Mr. Singh or Aditya or the 2 failed candidates?
3. How can the fertilizer company come out of this issue?
4. What are the HR concepts that you can correlate with this case?

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## Case Study-2

Red Lobster operates over 670 casual-dining seafood restaurants in the US and Canada, employing more than 63,000 people. When Red Lobster developed a new business strategy to focus on value and improve its image, it established a new vision, mission, and goals for the company. The restaurant chain simplified its menu with the highest-quality seafood it could offer at mid-range prices, traded its restaurants’ tropical themes for a crisp, clean look with white-shirt-and-black-pants uniforms for its employees, and added Northeastern coastal imagery to its menu and Web-site. Executing the new mission and differentiation strategy required hiring fun, hospitality- minded people who shared its values.

Although Red Lobster had not had any problem with hiring restaurant managers, the company felt that the managers it hired did not always reflect Red Lobster’s strategy, vision and values. The company also realized that their old job descriptions did not reflect the passion its new strategy needed from its employees.

### Question

1. Give your opinion of what it should do in writing its job descriptions to improve the fit

between its new management hires and its new business strategy.

# Module-III: Development of Human Resources

**Fundamentals of Human Resource Management** 135

## Structure:

### Unit-3.1: Training and Development

* + 1. Training and Development - the concept
    2. Need for Training
    3. Importance of Training and Development
    4. Types of Training
    5. Training Needs Assessment
    6. Designing the Training Programme (Process)
    7. Methods of Training: on the Job Training
    8. Methods of Training: off the Job Training
    9. Training Evaluation and its Need
    10. Training Effectiveness - the Concept
    11. Evaluation Criteria - Reactions, Learning, Behaviour, Results
    12. Executive Development - the Concept
    13. Importance of Executive Development
    14. Methods of Executive Development: on the Job
    15. Methods of Executive Development: off the Job
    16. Difference between Training & Development

### Unit-3.2: Performance Appraisal

* + 1. Performance Appraisal - the Concept
    2. Importance of Performance Appraisal
    3. Process of Performance Appraisal
    4. Problems in Performance Appraisal
    5. Errors in Rating in Performance Appraisal

3.2.7 Performance Management

### Unit-3.3: Traditional Methods of Performance Appraisal

* + 1. Confidential Report
    2. Free Form/Essay Method
    3. Straight Ranking Method
    4. Paired Comparison Method
    5. Forced Distribution Method
    6. Graphic Rating Scales

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* + 1. Checklist Method
    2. Critical Incidents Method
    3. Group Appraisal
    4. Field Review

### Unit-3.4: Modern Methods of Performance Appraisal

* + 1. Assessment Centres
    2. Human Resource Accounting
    3. Behaviorally Anchored Rating Scales
    4. Appraisal through MBO
    5. 360 Degree Appraisal

**Case Study**

# Unit-3.1: Training and Development

## Objectives

### At the end of this unit, you will be able to understand:

* Definition of Training and Development
* Importance of Training
* Types of Training
* Training Needs Assessment
* Designing a Training Program
* Training Evaluation and its need
* Evaluation Criteria - Reactions, Learning, Behaviour, Results
* Executive Development
* Importance of Executive Development
* Methods of Executive Development
* Difference Between Training &Development

## Introduction

Training and development refers to the transfer, to an employee, of unique skills, abilities and expertise. A formal concept of training & development is any effort to enhance the efficiency of current or potential employees through increasing the capacity of an employee to perform through learning, usually by altering the attitude of the employee or enhancing his or her skills and knowledge:

Training & Development need = Standard performance – Actual performance.

## Training and Development - the concept

### Definition of Training:

Dale S. Beach defines training as “the organized procedure by which people learn knowledge and/or skill for a definite purpose’. Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and organization.”

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

“Training constitutes a basic concept in human resource development. It is concerned with developing a particular skill to a desired standard by instruction and practice. Training is a highly useful tool that can bring an employee into a position where they can do their job correctly, effectively, and conscientiously. Training is the act of increasing the knowledge and skill of an employee for doing a particular job.”

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### Definition of Development:

“Development is concerned with the growth of employees in all respects. It is the process by which managers or executives acquire skills and competency in their present jobs and also capabilities for future tasks. The purpose of development is imparting advanced knowledge and competencies among the employees.”

“Development can be defined as a process where the employee with the support of his/her employer undergoes various training programs to enhance his/her skills and acquire new knowledge and skills.”

Development is a process that “strives to build the capacity to achieve and sustain a new desired state that benefits the organization or community and the world around them.”

* Productivity – Training and Development aims to increase job performance and better help the company meet its long-term target.
* Team spirit-Training and Development helps to instill a sense of team work, team spirit, and collaboration between teams. It helps to instill the enthusiasm to learn among the workers.
* Organization Culture – Training and Development helps build and strengthen the culture and quality of corporate wellness. It helps to build the learning culture within the organization.
* Organization Climate – Training and Development helps to create positive attitudes and feelings towards the organization. These feelings are received by employees from leaders, subordinates, and colleagues.
* Quality – Training and development aims to enhance the quality of employment and life at work.
* Healthy work environment – Training and development help to create a healthy workplace environment. It helps to establish good relationships with employees so that individual goals are matched with organizational goals.
* Health and Safety – Training and development continues to improve the organization’s health and safety, while avoiding obsolescence.
* Morale – Training and Development helps to improve the workforce’s morale.
* Image – Training and Development helps to create a better business image.
* Profitability – Training and Development contributes to increased profitability and a more optimistic outlook towards revenue orientation.

Training & Development assists in the development of organizations, i.e. the organization makes decision-making and problem solving more efficient. It helps to understand corporate policies and to carry them out.

Training and Development helps to improve leadership ability, enthusiasm, commitment, better attitudes, and other aspects that are typically demonstrated by good employees and managers.

* + 1. **Need for Training**

Employee training takes place once orientation happens. Training is a method of developing workers’ skills, capacities and expertise for performing a specific job. The training process shapes employee way of thinking and contributes to the quality of employee performance. In nature, it is constant and never ending.

For organizational development and success, preparation is essential. For both employers and workers of a company, it is beneficial. If he is trained properly, an employee can become more effective and efficient.

### Training is given on four basic grounds:

1. Training is offered to new candidates who enter an organization. This training familiarizes them with the mission, vision, rules and regulations of the organization and the working conditions.
2. The current workers are trained to improve their knowledge and develop it.
3. If any technological upgrades and improvements take place, training is offered to deal with those changes. For example, the procurement of new equipment, improvements in manufacturing process, the implementation of computers. Employees are trained in the use of modern equipment and techniques for work.
4. When it becomes important for promotion and career development. Training is delivered so that workers are prepared to share the duties of the higher-level work.

Despite many reasons for conducting training, it is important to note thattraining, as seen above, can often not be the only solution to an issue.There are several other ways that influence the capacity of someone to do their job, as noted in PILAC’s “Report on Training Needs Assessment.”

The following are other examples:

* + Lack of skills or knowledge, or experience
  + Not having the right equipment or resource
  + Not being encouraged by managers and colleagues to do the right thing
  + There are no standards or expectations that are set and communicated
  + Bad workplace morale or conditions

## Importance of Training and Development

### The importance of training can be summarized as:

Improves morale of employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.

Less supervision- A well-trained worker will be very familiar with the job and will require less supervision. Thus, less time and money would be lost.

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Fewer accidents- Errors are likely to occur if workers lack the experience and expertise needed to do a specific job. The better qualified an employee is, the lower the chance of accidents at work and the more professional the employee becomes.

Chances of promotion- During training, staff learn skills and productivity. For promotion, they become more qualified. For the company, they become an asset.

Increased productivity- Training increases employee performance and productivity. Well-trained personnel reflect both efficiency in quantity and quality. If workers are well educated, there is less waste of time, cash and energy.

## Types of Training

There are a number of different types of training used to engage an employee.

These types are usually used in all steps in a training process:

* + - * orientation
      * in-house
      * mentorship
      * external training

Most HR managers use a variety of these types of training to develop an efficient employee.

### Technical or Technology Training

Depending on the type of job, technical training is required. Technical training is a type of training meant to teach the new employee the technological aspects of the job. This might require some technical training of the entire company to ensure everyone uses the technology effectively. Technical training is often performed in-house, but it can also be administrered externally.

### Quality Training

Quality training refers to familiarizing employees with the means of preventing, detecting, and eliminating nonquality items, usually in an organization that produces a product. Training employees on quality standards, including ISO standards, can give them a competitive advantage. It can result in cost savings in production as well as provide an edge in marketing of the quality-controlled products. Some quality training can happen in-house, but organizations such as ISO also perform external training.

### Skills Training

Skills training, the third type of training and includes proficiencies needed to actually perform the job. Such as, an administrative assistant might be trained in how to answer the phone, while a salesperson at Best Buy might be trained in assessment of customer needs and on how to offer the customer information to make a buying decision. A small business owner explains the advantages of offering informal skills training about new products.

### Soft Skills Training

Our fourth type of training is called soft skills training. Soft skills refer to personality traits, social graces, communication, and personal habits that are used to characterize

relationships with other people. Soft skills might include how to answer the phone or how to be friendly and welcoming to customers. It could include sexual harassment training and ethics training. In some jobs, necessary soft skills might include how to motivate others, maintain small talk, and establish rapport.

In a retail or restaurant environment, soft skills are used in every interaction with customers and are a key component of the customer experience. Many problems in organizations are due to a lack of soft skills, or interpersonal skills, not by problems with the business itself. As a result, HR and managers should work together to strengthen these employee skills. Soft skills training can be administered either in-house or externally.

### Professional Training and Legal Training

In some jobs, professional training must be done on an ongoing basis. Professional training is a type of training required to be up to date in one’s own professional field. For example, tax laws change often, and as a result, an accountant for H&R Block must receive yearly professional training on new tax codes (Silkey, 2010). Lawyers need professional training as laws change. A personal fitness trainer will undergo yearly certifications to stay up to date in new fitness and nutrition information.

Some organizations have paid a high cost for not properly training their employees on the laws relating to their industry. Other types of legal training might include sexual harassment law training and discrimination law training.

### Team Training

The goal of team training is to develop cohesiveness among team members, allowing them to get to know each other and facilitate relationship building. We can define team training as a process that empowers teams to improve decision making, problem solving, and team-development skills to achieve business results. Often this type of training can occur after an organization has been restructured and new people are working together or perhaps after a merger or acquisition. Some reasons for team training include the following:

* + Improving communication
  + Making the workplace more enjoyable
  + Motivating a team
  + Getting to know each other
  + Getting everyone “onto the same page,” including goal setting
  + Teaching the team self-regulation strategies
  + Helping participants to learn more about themselves (strengths and weaknesses)
  + Identifying and utilizing the strengths of team members
  + Improving team productivity
  + Practicing effective collaboration with team members
  + Team training can be administered either in-house or externally. Ironically, through the use of technology, team training no longer requires people to even be in the same room.

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### Managerial Training

After someone has spent time with an organization, they might be identified as a candidate for promotion. When this occurs, managerial training would occur. Topics might include those from our soft skills section, such as how to motivate and delegate, while others may be technical in nature. For example, if management uses a particular computer system for scheduling, the manager candidate might be technically trained. Some managerial training might be performed in-house while other training, such as leadership skills, might be performed externally.

### Safety Training

Safety training is a type of training that occurs to ensure employees are protected from injuries caused by work-related accidents. Safety training is especially important for organizations that use chemicals or other types of hazardous materials in their production. Safety training can also include evacuation plans, fire drills, eye safety, first aid, food service safety, hearing protection,construction safety and workplace violence procedures.

* + 1. **Training Needs Assessment**

The ‘Training Needs Assessment’ (TNA) is the way to decide whether a there exists a need for training and, if it does, what training is needed to fill the void.In target surveys, interviews, observations, secondary data and/or workshops, TNA seeks to reliably classify the levels of the current situation.The difference between the current status and the desired status may imply issues that can be interpreted into a need for training.

By equipping the participants with knowledge and skills and by motivating them to develop and strengthen their strengths, training will minimize, if not close, the gap.In the latter part of the training cycle, the data on the current status is essential to the assessment or impact survey. These are used as the base data.

Training Assessment: It is an attempt to obtain relevant information on the effects of a training program. The evaluation process ensures that the training programs lead to cost-efficiency, improve work quality, and develop employee skills. Evaluation is necessary to reflect and analyze the success of the training program.

### The various methods of training assessment are:

Observation

* + - * Questionnaire
      * Interview
      * Self-diaries
      * Self-recording of specific incidents

### Types of assessment

The assessment can be categorized as:

* + - * Formative assessment: the ongoing feedback is provided to the curriculum designers and developers to ensure that what is being created really meets

the needs of the intended audience.

* + - * Process assessment: the information is provided about what occurs during training. There has to be give-and-take with verbal feedback.
      * Outcome assessment: determines whether or not the desired results (e.g., what participants are doing) of applying new skills were Achieved in the short- term.
      * Impact: determines the impact of training on strategic goals. These have been explained further.

### Assessmten Methods

These methods can be:

* + - * Qualitative, like interviews, case studies, focus groups
      * Quantitative, like surveys, experiments

Training evaluation usually uses a combination of both these methods for better understanding and analysis.

### Formative Evaluation

It is “any combination of measurements obtained and judgments made before or during the implementation of materials, methods, or programs to control, assure or improve the quality of program performance or delivery.”

This evaluation provides information for curriculum designers and developers. It caters to the questions regarding methods and materials used in the evaluation, suitability of goals and objectives to the intended audience, and replication of the event. The formative evaluation helps to determine program planning and implementing activities in terms of the target population, location, and time of program, and organisation of the program.

### Process Evaluation

* The Process Evaluation focuses on procedures being undertaken to get results, and answers the question, “What did you do?” Process Evaluation is considered to be the most common form of evaluation. The quality is judged by several means, and the evaluation takes place during the session and at the end of the event. The quality of the program is monitored by various means. The evaluator prepares oral as well as written reports describing the process and measuring the results.

### Outcome Evaluation

The outcome evaluation is a long-term undertaking, which produces both theoutcomesand the impacts. Does it talk about what did the participants do? The outcome evaluation measures the outcome in form of what the trainees were able to do after the program, and what they actually did at the workplace.

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## Designing the Training Programme (Process)

A number of exercises are involved in training. It’s not a one-shot thing. All the tasks in a given series should comply with a good training program. Let us look at the practices of step-by-step training:

Step # 1. Identifying Training Needs:

Identification of training requirements is the primary phase in the training activity. The difference between real performance and the desired performance has to be established. The need for training is underlined by this void. The principle is to define the difference and try to overcome it to achieve the desired objectives.

Step # 2. Establish Specific Objectives:

If the training needs have been established, the next step is to establish the training objectives. The primary goal of training is to decrease differences between real and desired outcomes. By setting training targets, this can be achieved. The basic aim of offering training is to put an employee and his job to an effective match.

Step # 3. Select Appropriate Methods:

It is important to consider proper training methods. Once the need for training and target setting has been accomplished, it is important to consider the most suitable training process. Several methods of training are open, but we can’t keep them in the same bracket. The suitability of these techniques is measured according to the need for organizational training requirements. According to the target set, an appropriate method is chosen. The choice of method of training depends on the need and target.

Step # 4. Implement Programs:

The next step is the actual implementation, after the selection of an acceptable process. It is where the plans prepared are put into action and workers are educated for improved results.

Step # 5. Evaluate Program:

The evaluation program is conducted to assess if the training program was successful. It judges the utility of training in terms of the impact of training on the performance of employees.

Step # 6. Feedback:

Generating feedback is the last and very critical step in the entire process. This allows the poor points in the training program to be established and strengthened in the future.The participants give their opinions on the trainer, material, technique, environment, tools, and even food and accommodation. They can offer suggestions and ideas as well. The input is very critical as it gives space for change.

## Methods of Training: on the Job Training

On-the-job training, also known as OJT, is a hands-on way of teaching workers the skills, expertise, and competencies required to perform a particular job within the workplace. In an area where they may need to exercise the knowledge and skills learned during their preparation, workers learn.

On-the-job training uses the existing tools, machines, records, facilities, and skills of the workplace to teach an employee how to do their job effectively. Consequently, there are no stand-ins that require an employee to pass training to the workplace.

Training takes place within the usual working atmosphere of the employee and can occur while he or she does their real job. Or anywhere within the workplace, it may happen using dedicated training rooms, workstations, or equipment.

The workers are educated on-the-job at their workplace through the on-the-job training process. For personnel performing operational functions, this is a standard method of training. For starters, workers are trained on modern devices in order to quickly adjust to new working conditions. The effectiveness of this technique depends on the quality of the trainer; it is therefore important to choose the trainer correctly to make the method work.

Method # 1. Coaching and Mentoring:

Coaching and mentoring is the most widely used form of teaching workers when they are at work. Coaching includes the development of a one-to-one relationship between workers and managers, which provides employees with continuous input and suggestions about how well they perform their tasks.Mentoring is a basic type of coaching used for the grooming of junior staff by seasoned executives. Mentoring usually requires one-to-one coaching for a period of several years before the worker is ultimately capable of replacing the mentor himself.

Method # 2. Understudy:

Understudy refers to the technique in which trainees are trained to do the job or occupy their supervisors’ roles. A trainee who is likely to assume the full roles and duties of the role currently held by his/her superior is considered an understudy in this technique.Theunderstudy fills the role of his/her superior who, due to promotion, retirement or transfer, is about to leave the job. The departmental head, for example, can pick up one suitable person from the department to become his/her understudy. This offers an opportunity for the understudy to test out his/her leadership abilities.

Method # 3. Job Rotation:

Job rotation requires the transition of workers from one job to another, so that they can obtain an organization’s knowledge of various roles and processes. In addition, to alleviate boredom, it helps workers to establish a connection within the company with a wide variety of people, which further encourages collaboration between the departments.When transitions, promotions, or replacements become unavoidable, the cross-trained staff gives the company a tremendous degree of versatility.

When trainees are transferred to different jobs very often, work rotation may cause several serious issues. The trainees do not have enough time to explore and learn one stage of a specific activity in such a situation and grow a high degree of expertise. In addition, if they are subjected to revolving supervisors with contrasting styles of service, it will create a situation of chaos for the trainees.

Method # 4. Special Projects Assignments:

A highly useful training strategy is denoted by special project assignments,

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in which trainees are given a project closely related to their work. Often, a range of trainee managers are put together to work directly related to their functional fields on a project.Trainees evaluate the issues and offer written feedback that give them valuable experience in tackling the problem.

These special project tasks allow trainees to examine organizational issues from multiple perspectives and anglesThey not only gain expertise as trainees work as a part of the team, but also learn how to work with people with different perspectives.

Method # 5. Committee Assignments:

Committee assignments refer to the process in which an existing organizational problem is solved by the trainees. Trainees have to work together as a team during committee assignments and provide a solution to the problem. This training method allows the trainees to develop team spirit in order to accomplish a shared organizational objective.

Method # 6. Selective Readings:

Selective readings refer to individual programs of self-development that are intended for managers. Some companies have a scheduled reading program in which books, magazines, and articles relevant to their functional areas are provided to executives. This allows executives to develop their awareness and understanding of different facets of their business.

Method # 7. Multiple Management

Multiple management is a framework in which a junior board of young executives is created that analyzes the organization’s major issues. After evaluating the big concerns, the junior board makes recommendations to the board of directors. In this step, the young executives learn decision-making skills and the board of directors gets the advantage of the executive team’s experience.In addition, the vacancies on the board of directors will be filled by these junior board members in the long run.

The on-the-job training strategies described above are cost-effective, as the workers actually work while studying alongside them. In addition, on-the-job training approaches provide the trainees with direct input, which motivates them to absorb and learn the correct way of doing things.

Method # 8. E-Learning:

E-learning refers to a form of learning assisted by electronic media that is sequential or procedural. There is typically no teacher in an e-learning module, and the knowledge and information is transmitted through different means, such as the Internet. Moreover, it contains pools of information and interactive classrooms.Such education can be self-initiated or facilitated by an instructor to transcend the limits of geography and time. For anyone, e-learning is not user-friendly. Generally, for instance, people are not very tech savvy in their late 40s and above; thus, they do not consider E-learning to be a very good choice.

Method # 9. Self-Instructional Mode:

Self-instructional learning means learning with the help of different tools by self- guidance. It is a process that is self-initiated and that trainees have to take up. Trainees

will learn at their own speed, without face-to-face contact with a teacher, in self- instructional mode. The most significant merit of the learning style of self-instruction is that it can be taken up wherever and whenever the trainee wishes to learn at his own pace.

It is a reality, at the time of entering the institution, all workers of a business establishment or corporation get some form of job training. This training is very critical for workers in professional, relaxed job results.The key benefit of job training is that, by incorporating them in their day-to-day performance, trainees understand the rules, regulations and work procedures.

This training scheme is the most affordable one. Since the conduct of this form of training needs additional staff or equipment. It is most useful for teaching a specific job that can be procured within a limited period of time.

## Methods of Training: off the Job Training

In a location expressly designated for training, off-the-job training is performed. It may be near the workplace or away from work, at a special training center or resort. Training away from the workplace minimizes distractions and encourages trainees to pay greater attention to the material being taught.Off-the-job training programs, however, do not have as much training transition to the actual job as on-the-job programs do.

Many people associate the lecture approach with off-the-job preparation, although a very wide range of approaches can also be used.

### Classroom Lectures:

It is well-known for training white collar or managerial level workers in the company under the off-work training methods, classroom method or lecture method. Employees are called to the room under this system, like that of the classroom, to offer instruction in the form of lectures by a teacher.For the purpose of teaching administrative aspects or management subjects, this approach is effectively used to raise awareness of procedures and to provide guidance on specific topics.

### Audio-Visual:

Training by the use of films, television, video and presentations, etc. In educational institutions, this teaching approach has been successfully used to train their students in subjects to understand and assimilate easily and enable them to remember forever. In their subjects of interest, new businesses have come up to provide audio visual content for learners.Employers are training their staff in the private sector, particularly in customer service centers, by using audio visual content to teach how to receive, speak and behavior with the customer.

### Simulation:

The training simulation system is the most popular and key among all methods of job training. Trainees would be trained on specially built equipment or devices in the simulation training process, which seems to be actually used in the field or work.

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However, these equipment or devices are specifically designed to prepare a trainee to be able to deal with them in the actual field or work. This preparation approach is often used when very costly machinery or equipment is used to conduct or handle the job.

### Vestibule Training:

This teaching method would primarily be used for the training of technical personnel, office staff and employees working with equipment and machines. Employees practice their jobs on the equipment they are going to use, but the training is carried out by taking equipment or instruments to a certain location where training is offered, but not a workplace, away from the actual work floor.Vestibule training helps workers to get a complete understanding of doing work without real world stresses. In addition, the question of moving learning to work is reduced.

Vestibule training is offered to workers when the company implements new or specialized equipment or resources to do a specific job by using them.For this reason, such equipment is brought to a different location to show and train how employees can use it and manage it safely.

### Case Studies:

In the same institution or somewhere else, it is a written summary of an actual case in the past and trainees are expected to evaluate and provide their conclusions in writing. This is another excellent way to ensure full and whole-hearted employee engagement and generate good interest among employees.With all the pros and cons of each alternative, the case is later addressed by the teacher. Under the constraints of minimal data, it is a perfect way to encourage decision-making abilities.

### Role Playing:

The trainees perform roles during a role-play and carry out scenarios relevant to the principles of learning. It is useful for training and customer support. The ‘role- reversal’,’ socio-drama’ or ‘psycho-drama’ is often called this form. Trainees play a certain role here, as they would in a stage play. In a given scenario, which is explained to the group, two or more trainees are assigned positions.There are no written lines to be spoken and no rehearsals, naturally. The role players have to react quickly to the ever-changing situation and to respond to it like they would in the real one. It is a human interaction method which, in an imaginary or hypothetical situation, involves realistic behaviour.Employee-employer relationships, hiring, firing, addressing a grievance issue, conducting a post assessment interview, disciplining a subordinate, or presenting a customer to a salesman are primarily involved in role playing.

### Programmed Instructions:

This requires two fundamental components: (a) a step-by-step sequence of information bits, each building on what has gone before, and (b) a process for presenting the series and testing the knowledge of the trainee. Questions are answered in the proper sequence and immediately given an indication if the answers are correct.

A book, a manual or a teaching computer can be used to carry out this programme.

It is mostly used to teach factual comprehension, such as algebra, physics, etc.

### Management Games With computerized management games:

Trainees are divided into five- or six-person classes, each participating in a virtual marketplace with the others. For instance, each group usually has to decide.

* + The amount to spend on advertising
  + The quantity to produce
  + How much inventory to retain
  + The amount of which product to produce

Generally, a two- or three-year period is compressed into days, weeks, or months by the game itself. As in the real world, each management team typically does not see what decisions the other businesses have made (such as raising advertising), as these decisions impact their own sales.

Management games can be good. Individuals learn better by being involved, and the games can gain such participation. Instead of only putting out flames, they help trainees improve their problem-solving abilities, as well as concentrate emphasis on preparation. Usually, the groups often elect their own officers and organise themselves. This will improve leadership skills and encourage teamwork and cooperation.

* + 1. **Training Evaluation and its Need**

Evaluation of training: This is an effort to collect relevant information regarding the results of a training program. The assessment process ensures that the training programs contribute to cost-efficiency, enhance the quality of work and improve the skills of employees. To represent and evaluate the performance of the training program, assessment is important.

### The different training assessment processes are:

Observation

* + - * Questionnaire
      * Interview
      * Self-diaries
      * Self-recording of specific incidents

### Types of evaluation

The evaluation can be considered as:

* + - * Formative evaluation: curriculum designers and creators are provided with ongoing input to ensure that what is being produced actually meets the needs of the intended audience.
      * Evaluation of processes: information about what happens during training is given. With verbal feedback, there has to be give-and-take.
      * Outcome evaluation: decides whether or not the desired outcomes of applying new skills have been accomplished in the short term (e.g. what participants are doing).

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* + - * Impact: evaluates the impact on strategic priorities of preparation.

### These have been further explained.

Evaluation Methods Evaluation methods can be:

* + - * Qualitative, like interviews, case studies, focus groups
      * Quantitative, like surveys, experiments

For greater comprehension and interpretation, training assessment typically uses a combination of all these approaches.

### Formative Evaluation

It is “any combination of measurements obtained and judgments made before or during the implementation of materials, methods, or programs to control, assure or improve the quality of program performance or delivery.”

For curriculum designers and developers, this assessment provides evidence. It discusses the issues of the tools and materials used in the assessment, the suitability of the targets and objectives to the intended audience, and the reproduction of the case. In terms of the target population, location and time of the program, and organization of the program, the formative assessment helps to evaluate program preparation and implementation activities.

### Process Evaluation

The evaluation of the process focuses on procedures being carried out to achieve results and answers the question, what did you do? Process assessment is considered to be the most common method of evaluation.The standard is assessed by many methods and during the session and at the end of the case, the assessment takes place. The consistency of the software is tracked by different means. Oral as well as written reports are prepared by the assessor explaining the procedure and assessing the outcomes.

### Outcome Evaluation

The outcome assessment is a long-term undertaking that generates both the findings and the consequences. Does it talk about what the participants have been doing? The result assessment tests the outcome in the form of what the trainees have been able to do during the program and what they have already done at work.

### Impact Evaluation

It tests the trainees’ influence of the program. It is much longer than the assessment of the result.

* + 1. **Training Effectiveness - the Concept**

Training effectiveness refers to the quality of the training provided and measuring whether the training met its goals and objectives. It is about developing workers as a

person to make them able and happy in their jobs, and thus in their lives. Thus, it is an organized method to improve the employees’ awareness and skills. Consequently, it is a tool aimed at modifying actions in such a way that the result can be beneficial for the organization’s upliftment.

According to Wayne F Cascio17-

“Training consists of planned programme designed to improve performance at the individual, group, and /or organizational levels. Improved performance, in turn, implies that there have been measurable changes in knowledge, skills attitude, and/or social behavior.”

Training has tremendous potential in the transfer and use of the new technological know-how, the creation of leadership, the organization of individuals, the establishment of self-help groups, the mobilization of people and resources, the empowerment of poor rural masses of resources, the development of entrepreneurship, etc., which are considered essential components of HRD.

According to C B Memoria, “Training is a process of learning a sequence of programmed behavior. It is application of knowledge and it attempts to improve the performance of employee on the current job and prepares them for the intended job. Training is a short term process utilizing a systematic and organized procedure by which non managerial personnel acquire technical knowledge and skills for a definite purpose. Training refers to instructions in technical and mechanical operations, like operation of some machine/equipment. Training is for a specific job-related purpose.”

The effectiveness of training relates to the standard of the training offered and the evaluation of whether the training has fulfilled its goals and objectives. The Kirkpatrick Model is one of the most commonly used ways to test instruction. This technique, developed in the 1950s by Don Kirkpatrick, includes a four-level approach to assessing any course or training programs.

The four levels are:

Level 1: Reaction

How did the partakers react or respond to the training? Level 2: Learning

What did partakers learn from the training? Level 3: Behavior

Did the trainees take what they learned and implement it into on-the-job practice? Level 4: Results

Did the training meet the expectations of the stakeholder? What was the return on these expectations (ROE)?

## Evaluation Criteria - Reactions, Learning, Behaviour, Results

Training evaluation refers to the process of obtaining the results required to assess if training is successful.

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The organization continually assesses the effectiveness of training programs to figure out whether or not the money they have invested has been spent correctly.

Perhaps the most commonly used method of measuring training performance is the Kirkpatrick Taxonomy.Established in the 1950s by Don Kirkpatrick, this method includes a four-level methodology that can be used by anyone to measure the efficacy of any training course or program.

It hasfour levels and here’s how each level works:

* + - * Level 1: Reaction

You evaluate how the participants reacted or responded to the training at this stage. Asking the participants to complete a short survey would assist you to assess if the learning conditions were present. It is how participants felt about the value of the training.

* + - * Level 2: Learning

The second stage is to measure what was learned from the training by the participants. Quick quizzes or practical assessments are most widely used to determine this; one before the preparation, and one afterward. It is about whether participants acquired the intended knowledge, skills, attitude, confidence and commitment from the training.

* + - * Level 3: Behavior

A while after the training, the third stage takes place. You try to determine whether the course participants put what they learned into practice on-the-job, using different evaluation techniques. To test this, you can ask participants to complete self- assessments or ask their manager to evaluate them formally. It denotes how much participants applied what they learned when they returned to work.

* + - * Level 4: Results

Lastly, you need to decide whether the training met the needs of the stakeholders. The stakeholders are usually the management or executives of most businesses or organizations who agreed to introduce the training in the first place. The aim is to assess the return, known as ROE, to these standards (Return on Expectations). It calculates the degree to which targeted outcomes occurred.

Before launching a new training course, it should be tested on a small group of your target learners. The data and feedback can help fine-tune it for other larger audience.

Every successful training program can benefit from continuing re-assessing and refinement. The metrics will not only measure the learners’ progress, but will reveal strengths and weaknesses of the training itself, showing where it can be further improved.

## Executive Development - the Concept

Executive growth refers to the programs in place to further improve the efficiency, expertise, or competencies of an executive employee, or future executive employee. Executive development programs are most generally primarily for leadership skills,

meaning they are typically utilized by executive-level members of the management team, or even simply the highest-level management member, irrespective of whether they qualify as executive.Occasionally, before the employee is recruited, executive development plans are employed, and the state of their application depends on the outcome of the development plan. Although the word executive development is more often used vaguely, it generally refers to only the top 5 to 10 percent of a company.

Executive growth or advancement of management is a systematic and continuous process in which managers gain advanced management expertise and skills.

The Executive Development Program (EDP) is a planned and coordinated learning and development process designed to enhance the management actions and success of executives through the acquisition and implementation of specialized knowledge and skills by cultivating their mental abilities and intrinsic qualities.

InMichael Armstrong’s words, “Executive development is eventually something that the executive has to attain himself. But he will do this much better if he is given encouragement, guidance and opportunity by his company”.

This description points out two essential elements of the growth of executives. Firstly, executive growth, provided the requisite training and education, would entail improving the actions of people in management. Secondly, a continuous phase is executive growth. It doesn’t ever end. The executives continue to learn from work experiences and through involvement in training programs.

## Importance of Executive Development

There is a great need for executive or management development programs in modern organizations. The quality of managers has a direct effect on the achievement of the organization’s objectives, as the difference in pricing policy, inventory policy, marketing and production policy is clarified by management quality.Executive growth thus helps to sustain the productive manpower from which it is possible to achieve organizational goals.

For the following factors, the significance of executive growth is felt:

1. Increase in Complexities and Size of the Organization – The size and complexity of organizations is constantly growing in the process of increasing competition. For this purpose, managers need to be formed to deal with these organizations’ complicated problems.
2. Shortage of Trained Personnel – The recruitment and selection of workers according to the criteria is very difficult. Mostly, the need arises to improve the workers so that they can effectively and efficiently execute their assigned duties, which is accomplished by executive development.
3. Technological Changes – Technological changes in this dynamic market climate are increasingly taking place. New machinery, computers, and manufacturing methods are increasingly being implemented by modern business organizations. Managers also need the latest knowledge of these emerging techniques and technologies that is given by the growth of executives.

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1. Socio Cultural Changes – There is also a rapid shift in the socio-cultural climate and there is a great need to develop managers to consider the actions of people in the right perspective.
2. Increased Competition – There is a tough rivalry on the market and the customers have become aware of their rights and cannot easily be fooled now. In order to better recognize and meet the needs of clients, executive development is of great benefit.
3. Changes in Labour Management Relation – Executive development is required because there are regular shifts in labor management relationships and managers will ensure industrial stability in the enterprise with the aid of executive development.
4. Social Responsibility of Management – Because of the evolving corporate philosophy, business executives are generally known for their social responsibility. The increased management tasks resulting from the fulfillment of social responsibility have therefore rendered executive development important in the corporate world.
5. Increased Professionalism – In order to enhance operational efficiency, the management of public services, state enterprises and civic bodies is being professionalized. By executive growth, this professionalism is assured.
6. Unending Process – Management growth is used to impart understanding of the latest ideas, and as learning is an endless process, executive development is an endless process.

## Methods of Executive Development: on the Job

The most popular method that requires learning when doing the job is the job creation of the managerial workers. When the aim is to change the work conduct of the executives, on the job strategies are most helpful. This method of training is inexpensive and therefore takes less time.The trainee will size up his subordinates and show his leadership skills without artificial assistance.

For work preparation training, the following methods are used:

### Coaching:

The immediate superior directs and instructs his subordinates as a coach in this process. It is a process of learning through the experience of the work and when one is placed in a particular job, a worker will learn. The immediate superior briefs what is required of the trainees and directs them on how to accomplish them effectively.The instructor or immediate superior observes their trainees’ success and directs them to correct their errors.

### Under Study:

The individual who is designated as the apparent heir is known as an understudy. In this process, the trainee is prepared to perform the work or fill his superior’s role. Thus, during his long absence, sickness, resignation, relocation, promotion, or death, a fully trained individual becomes capable of replacing his superior.

### Job Rotation:

Job rotation is a development method that involves moving the manager on a planned basis from one position to another. According to the rotation schedule, this movement from one work to another is done. It is also called rotation of position.

### Special Projects Assignment:

In this method, a project that is closely related to his work is assigned to a trainee. The project assignment, which is related to their functional area, is also sometimes given to the number of trainee executives. The project team is called this group of trainees. The trainee studies and formulates recommendations on the assigned problem.These recommendations are submitted by the trainee to his superior in written form.

### Committee Assignment:

The special committee is established in this way and the problem is assigned to discuss and provide the recommendations. This method is similar to the specific assignment of a project. All the trainees are involved in the committee’s deliberations. Through the committee’s discussions and discussions, trainees get acquainted with various points of view and alternative methods of problem solving. The trainees’ interpersonal abilities are also developed.

### Multiple Management:

This technique includes the constitution of the young executives’ junior board. This junior board assesses the major issues and gives the Board of Directors recommendations. The junior board learns the abilities of decision-making and the vacancies in the board of directors are filled by the members of the junior board who are adequately exposed to solving the problem.

### Selective Readings:

The executives read the journal, books, article, magazines, and notes under this approach and share the news with others. This is achieved in the context of the proposed reading programmes run by certain businesses. Reading the latest literature on management helps to prevent obsolescence. This strategy keeps the manager updated with the latest field innovations.

## Methods of Executive Development: off the Job

The main methods under off the job training are:

### Special Courses:

Under this approach the executives attend the special courses arranged by the organization with the aid of the experts from the education sector. The employers also allow their managers to engage in the courses arranged by the management institutions. This approach is becoming more prevalent these days, but is used more by large and large corporate organizations.

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### Case Studies:

Harvard Law professor Christopher C. Langdell developed this system. In this approach, a problem or case is introduced to a group in writing, i.e. a real or hypothetical problem that needs a solution is presented to the trainees in writing.

Trainees are expected to consider and analyze the problem, evaluate and recommend possible courses of action, and choose the most suitable solution. Therefore, the trainees are given the opportunity to apply their skills to the solution of practical problems in this process.

### Role Playing:

The conflicting situation is created in role playing and two or more trainees are assigned distinct roles to perform on the spot. A written or oral description of the situation and the roles to be performed will be given. The trainees are then provided with enough time to spontaneously fulfill their assigned roles before the class.

### Lectures and Conferences:

In this approach, attempts are made to introduce the participants in every specific field to ideas, universal values, and hypotheses. The lecture method emphasizes the one-way communication method and the two-way communication method emphasizes the conference method. The trainee actively engages in this process and his interest is retained.

### Syndicate Method:

Syndicate refers to the group of trainees and includes the review by various groups of the problem. Therefore, in this process, 5 or 6 groups consisting of 10 members are formed. On the basis of the briefs and the backgrounds provided by the resource people, each community operates on the issue. Each group, along with the other groups, presents their opinion on the issues involved.

These views are assessed by the resource individuals along with the community members after the presentation. Such practice is repeated to enable the participants to look at the correct viewpoint of the issue. This approach helps to improve the analytical and interpersonal skills of executives.

### Management Games:

A management game is an activity in the classroom, in which student teams compete against each other to accomplish such shared goals. Since, as competing enterprises, the trainees are also split into teams; expertise in teamwork is gained. Management games are used with varying degrees of success in production programmes. These games are representatives of the conditions of real life.

### Brainstorming:

It is a tool to promote the production of ideas for decision making. Brainstorming focuses on using the brain to solve the problem. It is a conference strategy by which groups of individuals try to find the solution to a particular problem by amazing all the

thoughts spontaneously contributed by the group members. In this process, a group of 10 to 15 members is created.Members are supposed to put their ideas for problem solving without taking any form of constraints into account.

* + 1. **Difference between Training & Development**

We can distinguish between preparation, education, and development. This distinction helps one to gain a clearer understanding of the sense of the words. Training refers to the process of imparting particular skills, as mentioned earlier. On the other hand, schooling is limited in classrooms to analytical study.

\*Training refers to the method of conveying specific skills.

\*Development refers to the learning opportunities and intended to aid employees grow.

Training programs are organized by the organization to develop employees’ knowledge and skills as per their job requirements. On the other side, development is not directly related to job requirement rather it aims at the generic development of the individual employees for the longrun. Think of this way- training is mostly provided to teach new skills while development focuses on improving existing skills.

### Differences between Training and Development in tabular form

|  |  |  |
| --- | --- | --- |
| **Training** | | **Development** |
| 1. | It is mostly short term with concrete goal. | It is a long term activity with goals that are open ended and ongoing. |
| 2. | It focuses on the role. | It focuses on the person. |
| 3. | It aims at a specific job or role. | It is more conceptual and aims at overall progression of the individual. |
| 4. | It revolves around immediate need. | Its activities are futuristic. |
| 5. | It enhances the knowledge or skills for a particular job or role. | It focuses on career building and progression. |
|  |  |  |
| 6. | These programmes are group focused. | These activities tend to be more personalized. |
| 7. | The organisation takes the responsibility of training. | It is a self-assessment procedure where individuals are held responsible for reating their own development plan. |

**Check your Understanding**

1. The is the way to decide whether a there exists a need

for training and, if it does, what training is needed to fill the void.

1. Perhaps the most commonly used method of measuring training performance is the

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**Notes**

**Notes**

1. The is a planned and coordinated learning and development process designed to enhance the management actions and success of executives through the acquisition and implementation of specialized knowledge and skills by cultivating their mental abilities and intrinsic qualities.
2. It is “any combination of measurements obtained and judgments made before or during the implementation of materials, methods, or programs to control, assure or improve the quality of program performance or delivery.”
   1. Process Evaluation
   2. Outcome Evaluation
   3. Formative Evaluation
   4. Impact Evaluation
3. There are 9 on the job training methods and there are 8 off the job training methods. True / False

### Summary

* Training and Development
  + Training & Development need = Standard performance – Actual performance
* Need for Training
  + Training is a method of developing workers’ skills, capacities and expertise for performing a specific job. The training process shapes employee way of thinking and contributes to the quality of employee performance.
* Training is given on four basic grounds:

1. Training is offered to new candidates who enter an organization. This training familiarizes them with the mission, vision, rules and regulations of the organization and the working conditions.
2. The current workers are trained to improve their knowledge and develop it.
3. If any technological upgrades and improvements take place, training is offered to deal with those changes. For example, the procurement of new equipment, improvements in manufacturing process, the implementation of computers. Employees are trained in the use of modern equipment and techniques for work.
4. When it becomes important for promotion and career development. Training is delivered so that workers are prepared to share the duties of the higher-level work.

* Training Needs Assessment
  + The TNA process helps to specify the training need or performance deficiency for the trainer and the individual requesting training. Evaluations may be formal or informal (using survey and interview techniques) or (asking some questions of those involved).
* Designing the Training Program (Process)

1. Identifying Training Needs
2. Establish Specific Objectives
3. Select Appropriate Methods
4. Implement Programs
5. Evaluate Program
6. Feedback

* Methods of Training
  + On the Job ex: Coaching and mentoring, Understudy, Special Projects Assignments, E-Learning, etc.
  + Off the Job ex: Classroom lectures, Audio-Visual, Simulation, Case Studies, etc.
* Training Evaluation and its need
  + Evaluation of training: This is an effort to collect relevant information regarding the results of a training program. The assessment process ensures that the training programs contribute to cost-efficiency, enhance the quality of work and improve the skills of employees
* Executive Development - the Concept
  + Executive development refers to the programs in place to further improve the efficiency, expertise, or competencies of an executive employee, or future executive employee.
* Difference between Training &Development
  + Training refers to the method of conveying specific skills.
  + Development refers to the learning opportunities & intended to aid employees grow

### Activity

1. Make a PowerPoint presentation on the different methods of on the job and off the job training as well as on the job and off the job development.

### Glossary

* **Absenteeism** – the practice of regularly staying away from work or school without good reason
* **Dynamic** – characterized by constant change, activity, or progress
* **Syndicate** – a group of individuals or organizations combined to promote a common interest.
* **Understudy** – a person who learns another’s role in order to be able to act at short notice in their absence

**Notes**

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### Questions and Exercises

1. Elaborate on the difference of on job training and off job training. Provide examples of both.
2. What are the four basic grounds that training is given on?
3. List the methods for off the job executive development.

### References

1. !Jean!Barbazette,!2006,!Training!Needs!Assessment:!Methods,!Tools!and!Techniqu es
2. !MOI/DOLA,!2004,!Training!Needs!Assessment

### Answers to check your understanding

* 1. Training Needs Assessment (TNA)
  2. Kirkpatrick Taxonomy
  3. Executive Development Program (EDP) 4. (c)

5. True

# Unit-3.2: Performance Appraisal

## Objectives

### At the end of this unit, you will be able to understand

* Performance Appraisal - the concept
* Importance of Performance Appraisal
* Process of Performance Appraisal
* Problems in Performance Appraisal
* Errors in Rating in Performance appraisal
* Essentials of Effective Performance Appraisal
* Performance Management

## Performance Appraisal

Performance appraisal is also known as evaluation of employees, merit ranking, assessment of employees, etc. It is a standardized method of evaluating the present and past performance of an employee according to his or her performance criteria. The production of the employee should be based on organizational expectations and the actual performance of the employee.The notion that performance assessment enhances the performance of workers is not a modern one, but it is seen in humanity’s growth roots. When he is told about his actual results and acknowledges what his/ her previous mistakes were, every person is motivated. As required, the performance assessment process can be held annually or monthly.

## Performance Appraisal - the Concept

The employee performance appraisal process is crucial for organisations to spice up employee productivity and improve their outcomes. Performance appraisals are an annual process where an employee’s performance and productivity is evaluated against a predetermined set of objectives.

Performance management is super important, not only because it’s the determining think about an employee’s wage rise and promotion but also because it can evaluate an employee’s skills, strengths, and shortcomings accurately.

However, the performance appraisal is never put to good use since existing performance appraisal methods fail to internalize employee performance results. To stop performance appraisals from becoming nothing quite empty buzzwords, HR managers got to revamp their existing process.

Performance Appraisal is the efficient evaluation of the performance of employees and to comprehend the capabilities of an individual for additional advancement and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the compensation of employees and contrast it with targets and plans.

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1. The supervisor examines the factors behind work performances of employees.
2. The employers are in position to direct the employees for a better performance.

Appraisal is the importance, efficiency or merit appraisal. Performance assessment is a formal assessment of workers by managers or those familiar with their performance in the context of the company. Performance assessment is also described as a merit ranking in which, compared to others, one person is ranked as better or worse.The fundamental aim of this merit ranking is to determine the fitness of an employee for promotion.

Beach has defined performance appraisal as-

“Performance Appraisal is the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development.”

The competence-based performance approach further clouds the problem by looking at how individuals work rather than the outputs they create. When the worker has been chosen, educated and inspired, he is then assessed for his results. Performance assessment is the stage where the management figures out how effective it has been at recruiting and placing employees.If any concerns are found, action are taken to engage with the worker and to resolve them.

## Importance of Performance Appraisal

The benefit of performance appraisal is that it helps management to make appropriate decisions and/or correct or change their previous decisions concerning the following HRM issues:

1. Organizational preparation focused on potentialities of the human capital.
2. Based on the weakness, strengths and ability of human resources, human resources preparation.
3. Organizational efficacy by improvement in performance.
4. Salary, deductions, bonuses and benefits fixation and review.
5. Initial decisions on placement or placement adjustment.
6. Identification of needs for training and development and evaluation of the success of

training and development programmes.

1. Planning and growth of jobs and employee movement.
2. Helps keep an inventory of the number and efficiency of all executives.
3. By communicating the performance to the assessment, to sustain individual and group development.
4. A daily assessment allows a superior to be alert and stay competent in his role, i.e., by providing him an opportunity to do things that he can usually do, it increases the standard of supervision.
5. Via mutual trust, which comes as a result of frank discussions between the superior and the subordinate, it allows for better employer-employee ties.
6. To boost the overall personnel information system, it offers the ‘deadlock’ and analysis data.

The other use of performance appraisal is that it helps to analyze current plans, information system, task review, internal and external environmental factors that impact employee performance, such as supervisory relationships, working environments, employee personal issues such as family, financial and health issues.

This assessment indicates and results in improvement of plans, information system, job review, development of a favorable working atmosphere and environmental variables that are controllable.

According to Benjamin Roland, “A performance appraisal determines who shall receive merit increase; counsels employees on their improvement; determines training needs; determines promotability; identifies those who should be transferred. Moreover, it improves employee job performance; encourages employees to express their views or to seek clarification on job duties; broadens their outlook, capacity and potential; promotes a more effective utilization of manpower and improves placement; facilitates selection, reward and promotion of the best qualified employee; prevents grievances and increases the analytical skills of employees.”

It can also be shown that performance assessment is an essential human resource management instrument. It is a judgment of the characteristics, characteristics and productivity of workers and has a broad variety of benefits. It unifies the assessment process in order to assess all workers in the same way, using the same approach such that the ratings received from different staff are equivalent.

## Process of Performance Appraisal

The six steps of the procedure of performance appraisal are as follows:

### Establish Performance Standards:

The process of assessment starts with the creation of performance criteria. The administrators will decide what outcomes, achievements and abilities will be assessed. From role analysis and job descriptions, such criteria should have evolved.

These criteria of success should also be transparent and objective to understand and calculate.As these vague phrases mean nothing, expectations should not be conveyed in an articulated or vague way, such as “a good job” or “a full day’s work”.

### Communicate Performance Expectations to Employees:

This must be conveyed to the respective employees once the performance expectations are defined, so that they come to know what is expected of them. Past experience suggests that the issue of evaluation is exacerbated by the inability to convey expectations to employees.

It must be noted here that mere transmission of information from the manager to the employees (relating to performance expectations, for example) is not communication. It becomes communication only when information has been transmitted and received and understood by the employees.

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It is important to obtain the employees’ input on the norms conveyed to them. If applicable, in the light of input received from the workers, the requirements can be updated or revised. It is important to remember that it is a two-way street for communication.

### Measure Actual Performance:

This is the third step in the assessment process involved. At this point, the employee’s actual output is assessed on the basis of information available from different sources, such as personal evaluation, statistical data, oral reports and written reports.

Needless to note, the emotions of the evaluator do not affect the employee’s performance assessment. Based on evidence and outcomes, calculation needs to be objective. This is because what we evaluate is more crucial and relevant than how we measure for the appraisal process.

### Compare Actual Performance with Standards:

The actual output is contrasted with the predetermined expectations in this process. Such a comparison will show the difference between standard performance and actual performance and will allow the evaluator to move to the fifth phase in the process, i.e. the assessment discussion with the staff concerned.

### Discuss the Appraisal with the Employee:

In the assessment process, the fifth stage is to consult and discuss the findings of the appraisal with the workers. This is, in fact, one of the most difficult tasks faced by the manager to present the workers with an appropriate evaluation and then make them accept the assessment in a positive manner.

An assessment discussion helps staff to consider their strengths and limitations. This, in turn, affects their potential success. Yes, depending on how the assessment is delivered and addressed with the staff, the effect can be positive or negative.

### Initiate Corrective Action:

The final step in the assessment process is, where applicable, to initiate corrective action. The areas that need improvement are identified and then interventions are identified and implemented to correct or boost efficiency.

There may be two distinct forms of corrective action. One is immediate and deals with symptoms primarily. This activity is also referred to as “putting fires out.”The other is central and delves into the causes of anomalies and tries to permanently change the distinction.

This method of action takes time for the study of deviations. Therefore, executives often choose urgent action, or say, “put out fires.” The main examples of disciplinary steps that managers initiate to boost employee performance are training, coaching, counselling, etc.

* + 1. **Problems in Performance Appraisal**

For organizations and personnel, performance evaluation is important. Unfortunately, for managers or workers, performance reviews are not at the top of the “favorite things to do” list, and their administration may have a variety of issues. Businesses are also challenged to use this method effectively, from managers not being qualified to execute performance evaluations effectively to the inability to tie performance evaluation standards to desired business results.

When managers are not qualified to do them properly, performance evaluations fall short, and there are no clear outcomes that can be tied to observable results.

### Poorly Trained Managers

There is not just successful performance evaluation, and organizations do not believe that managers know how to conduct them efficiently, even though they have several years of experience as managers.In fact, because the method can vary from organization to organization, it is vital that training is given to introduce managers to the organization’s performance management philosophy, including a review of the forms, the rating system, and how the collected data is used. For both new and veteran managers, preparation should take place on a regular basis as a refresher.

### Inconsistent Ratings

Inter-rater reliability is usually very poor amongst managers at any organization. In cases where the parameters used are arbitrary and not based on any observable performance results, what one manager considers to be “acceptable” performance, another might consider “not meeting expectations.” This can be a challenge for any company and is made more of a challenge.

### Lack of Outcome-Based Measures

Performance tests that enable executives to score workers on subjective factors such as “customer service skills” or “leadership ability” do not provide specific outcomes that can be related to measurable results.The best performance assessments provide both managers and workers with the opportunity to measure performance based on measurable objective results; level of revenue, safety records and customer assessments are all measurable ways to provide insight into the performance of an employee.

### Not Used for Performance Improvement

The aim of performance evaluation is not only to provide staff with feedback on how they are performing, but also to provide the company with an indication of staff strength areas and opportunities for improvement. Unfortunately, for performance enhancement measures, few organizations actually aggregate and use the findings of performance evaluation.Organizations will derive full benefit from their performance evaluation activities by evaluating outcomes and taking advantage of both best practices in areas where workers perform well and opportunities for change in areas where they are not.

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### Making Performance Appraisals Meaningful

If organizations continue to conduct performance evaluations, they need to set standards that can be used critically by all supervisors and that workers know will be used to evaluate them.

Each worker, for instance, may be assessed on how well they follow the specifics of their job description, how well they interact with customers and as team members, how much they take initiative, etc.In order for managers not to use their subjective judgement, each number on the rating scale should be specific. Therefore, a “1” would not meet the requirements at all; “2” would work to meet the criteria; “3” would meet the job description criteria; “4” would be marginally higher than what is required for the job, and a “5” would be fantastic.

Continuing this process for all fields’ means that all facets of the job are addressed by supervisors and quantitative metrics are used in assessing workers.

* + 1. **Errors in Rating in Performance Appraisal**

Many HR professionals look forward to performing annual performance evaluations as much as a trip to the dentist, but as the economy grows, performance assessments will be the key to attracting talent, a healthy work climate, and the organization’s overall growth and productivity.

That said, when doing the performance reviews, there are also pitfalls to avoid. We’ll get tips from experts in today’s Advisor on how to make performance reviews more relevant for the company, the manager, and the employee.

In a BLR® webinar titled “Stress-Free Performance Appraisals: Increase Productivity, Engage Employees, and Retain Top Talent,” Sharon Armstrong outlined 10 rating errors to avoid.

Armstrong, in business since 1998 at Sharon Armstrong and Associates, is a human resources consultant, mentor, and career counselor. 10 Rating Errors to Avoid During Performance Reviews

Rating mistakes are variables that in the evaluation process confuse or blind us. Armstrong cautioned that “appraisers must be on guard against anything that distorts reality, either favorably or unfavorably.” These are the 10 most frequently seen rating errors. They are where it is most likely that executives and other raters will go offtrack.

1. **Central tendency** - Clustering everyone in the categories of middle performance to prevent good or bad performance extremes; it’s convenient, but it’s wrong. This is not fair to staff who actually make an effort, and it can be demoralizing.
2. **Favoritism** -Overlooking the shortcomings of employees who are preferred or “nice,” particularly those that everybody likes.
3. **Grouping** - Excusing the performance below standard because it is widespread; “Everyone does it.
4. **Guilt by association** -Rating anyone on the basis of the organization they maintain, rather than the job they perform.
5. **The halo effect** -Letting one good job factor that you like influence your overall

performance appraisal.

1. **Holding a grudge** - A risky privilege that could lead to you winding up in court. Never seek to make staff pay for past actions.
2. **The horns effect -**The opposite of the halo effect, allowing you to hate your perception of other variables with one negative work factor or behavior.
3. **Bias** -Allowing the ranking to affect your prejudice. Bias may come from attitudes and views on ethnicity, national origin, gender, religion, age, status of veterans, disability, color of hair, weight, height, intellect, etc.
4. **Recency** -Rating only recent performance, good or poor. The data should be indicative of the whole duration of the study. You cannot recall the entire time if you’re not taking good notes. Armstrong noted that “you want to make sure, again, that you’re keeping records so that you can adequately describe performance over an entire performance period.”
5. **The sunflower effect** - Scoring everyone high, regardless of results, to make yourself look good or to be able to offer more compensation.

These and other rating mistakes can lead to a loss of credibility among your workers in your entire performance appraisal program. You will work to prevent this situation with consistent review of the software!

There is always space for change in performance management and compensation.

## Essentials of Effective Performance Appraisal

The performance evaluation system should be successful since a variety of important decisions are taken on the basis of the assessor’s score or ranking, which, in turn, is heavily dependent on the assessment system. The appraisal system should have the following basic characteristics in order to be successful:

### Reliability and validity

The appraisal method should provide consistent, reliable and credible information and evidence that can be used, including in legal challenges, to protect the organization. If two assessors are equally qualified and competent to assess an employee with the aid of the same evaluation methodology, they should agree with each other on their scores. Then the method fulfills the inter-rater reliability requirements.Appraisals must also meet the validity criterion by calculating what they are intended to measure. For example, if an employee’s capacity for advancement is measured, information and data relating to the employee’s potential should be given to take on higher responsibilities and carry out tasks at a higher level.

### Job relatedness

In work-related activities/areas, the assessment methodology can assess performance and provide information.

**Notes**

**Notes**

### Standardization

Assessment styles, processes, methodology management, scores, etc. should be standardized as assessment decisions impact all company workers.

### Practical viability

The techniques should be technically viable for management, feasible for implementation and cost-effective for continuous implementation.

### Legal sanction

Appraisals must comply with the land’s rules. They must comply with provisions of different labor-related acts.

### Training to appraisers

Since appraisal is crucial and often difficult, it would be useful to provide training to appraisers viz., some insights and ideas on ranking, recording appraisals and conducting appraisal interviews. Familiarity with rating errors can boost the efficiency of the rater and this can inject the requisite confidence in evaluators to look more critically at performance ratings.

### Open communication

Many staff want to understand how well they are doing the job. The required feedback is given on an ongoing basis by a successful assessment method. The evaluation interviews should help both sides to learn about the differences and plan for the future. To this end, in advance of the evaluation period, managers should clarify their performance objectives clearly to their subordinates.When this is understood, it becomes easier for workers to think about the requirements and, if possible, aim to improve their effectiveness in the future.

### Employee access to results

Employees should be familiar with the game’s rules. They should get appropriate feedback on their performance. If performance evaluations are intended to enhance employee performance, then it would serve no reason to withhold the outcome of the evaluation.Without having access to this material, workers simply cannot perform better. Allowing workers to revisit the results of their evaluation helps them to spot any mistakes that could have been made. If they disagree with the assessment, they may also contest it through formal channels.

### Due process

It follows that standardized protocols should be established to allow workers who do not agree with the results of the assessment (which are considered to be inaccurate or unfair). They must have the means to pursue their complaints and have them objectively answered.

In order to cultivate workers as valuable tools, performance evaluation should be used mainly. It will only show positive outcomes then. When it is used as a whip by management or fails to realize its limits, it fails. The key is not which type is used or which process (Mathis and Jackson).

* + 1. **Performance Management**

Performance management is a tool for organizational management that lets managers track the work of employees and assess them. The aim of performance management is to create an atmosphere where individuals can perform most efficiently and effectively to the best of their ability to deliver the highest quality work.

A formal performance management program enables managers and workers to see eye-to-eye about priorities, goals, and career development, including how the work of individuals aligns with the overall vision of the organization. Generally speaking, in the sense of the wider workplace structure, performance management considers individuals.You arefinding the absolute quality of efficiency, although that is considered unattainable.

### How Performance Management Works

Performance-management systems use standard methods such as objectives, goals, and targets to build and evaluate. They also aim at identifying what productive performance looks like and improving performance assessment methods. Performance management, however, instead of utilizing the conventional model of year-end assessments, turns any encounter with an employee into an opportunity to learn.

Performance management systems can be used by managers to change workflow, recommend new courses of action, and make other decisions that will help workers reach their goals. This, in essence, helps the business achieve its targets and perform optimally. The manager of a sales department, for example, gives her workers target revenue volumes that they must achieve within a defined timeframe.The manager will provide advice calculated in a performance management framework, along with the numbers, to help the salespeople succeed.

### Why Performance Management Matters

A better, more open work climate is created by focusing on continuous transparency, and emphasis on daily meetings will strengthen overall communication. Since performance management lays down basic guidelines, everybody has a better understanding of the criteria. The workplace is less stressful when goals are simple. By completing any random job, workers are not trying to please a boss, and managers are not concerned about how to inform employees that they are not doing well. If the method works, they probably already know it.

### Check your Understanding

1. “ is the systematic evaluation of the individual with regard to his or her performance on the job and his potential for development.”
2. -Overlooking the shortcomings of employees who are preferred or “nice,” particularly those that everybody likes.
3. - Scoring everyone high, regardless of results, to make yourself look good or to be able to offer more compensation.
4. Performance management is a tool for organizational management that lets managers track the work of employees and assess them. True / False

**Notes**

**Notes**

### Summary

* Performance Appraisal - the concept
  + Performance appraisal is also known as evaluation of employees, merit ranking, assessment of employees, etc. It is a standardized method of evaluating the present and past performance of an employee according to his or her performance criteria.
* Process of Performance Appraisal
  1. Establish Performance Standards
  2. Communicate Performance Expectations to Employees
  3. Measure Actual Performance
  4. Compare Actual Performance with Standards
  5. Discuss the Appraisal with the Employee
  6. Initiate Corrective Action
* Problems in Performance Appraisal
  + Poorly Trained Managers
  + Inconsistent Ratings
  + Lack of Outcome-Based Measures
  + Not Used for Performance Improvement
  + Making Performance Appraisals Meaningful
* Errors in Rating in Performance appraisal

1. Central tendency
2. Favoritism
3. Grouping
4. Guilt by association
5. The halo effect
6. Holding a grudge
7. The horns effect
8. Bias
9. Recency
10. The sunflower effect

* Essentials of Effective Performance Appraisal

1. Reliability and validity
2. Job relatedness
3. Standardization
4. Practical viability
5. Legal sanction
6. Training to appraisers
7. Open communication
8. Employee access to results
9. Due process

* Performance Management
  + Performance management is a tool for organizational management that lets managers track the work of employees and assess them. The aim of performance management is to create an atmosphere where individuals can perform most efficiently and effectively to the best of their ability to deliver the highest quality work.

### Activity

1. Go through the six steps of the process of performance appraisal and give examples of how these procedures occur in your class. Imaging your teacher is your boss/ manager and you, the student, are their employee.

### Glossary

* **Efficacy** – the ability to produce a desired or intended result
* **Grievances** – a real cause for complaint, especially unfair treatment
* **Initiative** – the ability or opportunity to act or take charge before others do
* **Sanction** – official permission or approval for an action

### Questions and Exercises

1. List six of the many benefits of performance appraisals and how it helps management.
2. Define central tendency and why it can be a rating error to avoid during performance

reviews.

1. List the essentials of effective performance appraisal.

### Answers to check your understanding

* 1. Performance Appraisal
  2. Favoritism
  3. The sunflower effect
  4. True

**Notes**

**Notes**

# Unit-3.3: Traditional Methods of Performance Appraisal

## Objectives

### At the end of this unit, you will be able to understand:

* Confidential Report
* Free Form / Essay Method
* Straight Ranking Method
* Paired Comparison method
* Forced Distribution method
* Graphic Rating Scales
* Checklist Method
* Critical Incidents Method
* Group Appraisal
* Field Review

## Traditional Methods of Performance Appraisal

The Performance Appraisal is a periodic assessment or evaluation of the work performance of the employee against pre-established criteria such as production quality and quantity, work experience, flexibility, supervision, leadership skills, etc.

* Rating Scales
* Forced Choice Method: Forced Distribution Method
* Critical Incidents Method
* Behaviorally Anchored Rating Scale
* Field Review Method
* Performance Tests and Observations
* Confidential Reports
* Essay Method
* Comparative Evaluation Approaches
* Ranking Method
* Paired Comparison Method
* Checklist

## Confidential Report

In government agencies, this approach is often used to make decisions about the promotion and transfer of workers. The senior prepares a confidential report about the employee’s efficiency, actions and other characteristics. The study is not intended to be

shown to others.It is sent in a sealed cover to the officials concerned who, on the basis of this paper, assess the employee and take decisions accordingly.

Most confidential reports are prepared by government departments, in which any of the following criteria are assessed by the employee:

* Attendance
* Leadership
* Self-expression
* Ability to work with others
* Initiative
* Technical ability
* Integrity
* Responsibility, etc.

The confidential report typically highlights the employees’ strengths and weaknesses. Despite the fact, it is only used in government organizations and not in other organizational types as it does not provide the workers with any input.Employees are deprived of knowledge such as how it is judged, why its scores have plummeted, why it is underestimated, what errors are to be corrected, how its performance can be improved, etc. Employees have to face the effect (either positive or negative) of the evaluation directly.

## Free Form/Essay Method

In this approach, the rater writes a summary of the conduct and results of the worker. The definition contains all relevant details, such as the personality of the employee, work experience, current performance and growth potential.

In this technique, the comprehensive explanation of the output of the worker is written by the rater.Any of the points that are included in the essay are the success of an employee, his relationships with other co-workers, training and improvement program criteria, employee strengths and weaknesses, etc. The efficacy of this conventional method of performance evaluation depends on the rater’s writing skills.

Supervisor observes these factors:

* + - 1. Relationships with fellow superiors and assigned personnel
      2. Generalorganization and potential for planning;
      3. Work experience and potential
      4. Characteristics and behaviors of employee
      5. Understanding and implementation of the policies and procedures of companies
      6. Production, quality and cost control
      7. Physical circumstances
      8. Development needs for future

The definition is as accurate and descriptive as possible at all times. No attempt is made in a quantitative manner to measure an employee.

**Notes**

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This technique has many benefits. An essay can provide a good deal of data, particularly if, for example, the supervisor is asked to provide two or three examples of each decision he makes.The explanations will include detailed employee details and can disclose even more about the boss.

## Straight Ranking Method

In the Straight Ranking System, managers, on the basis of their merits, rate their subordinates from best to worst. Here is a comprehensive explanation of why the best or worst is not offered.

The descriptive statements on the actions of employees, both effective and ineffective, are placed on the scale points, and the rater is asked to demonstrate which behavioral point better represents the behavior of the employee.

The performance of each employee is compared to the other employee under this methodology and then the decision on whose performance is better is made.

Performance assessments and observations are another type of test administered to test employees’ knowledge and abilities, either written or oral. In the given case, the worker is often asked to show his abilities and then he is tested on that basis.

Thus, an individual’s performance may be measured using one of the metrics that best assess an employee’s actions and provide the exact measurement of the doings of the worker.

Another approach is the Forced Choice method. Under this process, the rater is forced to respond in true or false terms to the ready-made statements as provided in the blocks of two or more about the workers.When he is finished with the list, it is forwarded to the HR department for the final evaluation of the employee.

It is the oldest and simplest method of performance assessment by which the rater considers the individual and his performance as an entity.

No effort is made to fractionalize the rate or his performance; the “whole man” is compared to the “whole man”; that is, against that of another, the ranking of a man in a work group is carried out.

Each man’s relative position is tested in terms of his numerical rank.It can also be achieved by rating a person against another member of a competitive group on his job results by putting him as number one or two or three in the total group, i.e., individuals are tested in order of merit and placed in a simple grouping.

This is the best way to distinguish the most effective from the least effective, and it is reasonably easy to create and use.But the main drawback of this approach is that it is very difficult to equate a single person with human beings with different behavioral characteristics in operation.

Secondly, the technique shows us just how a person stands in relation to the others in the group, but does not demonstrate how much better or worse he is than another person.

Thirdly, when a large number of individuals are ranked, the task of rating people is difficult.

Fourth, the ranking system does not remove rash decisions or provide us a standardized method to assess the relative ranks of subordinates.

The paired comparison approach has been improved to correct this flaw.

## Paired Comparison Method

In this approach, one unique trait is considered to assess the workers. Each worker is compared with others on a one-to-one basis, in pairs, based on this characteristic. A formula is used to determine the potential number of pairs: N (N-1)/2. N is the number of jobs to be measured. Let us understand this by providing an example:

There are five A, B, C, D, E workers to be tested. Thus, there will be 10 pairs to compare while applying the 5(5-1)/2 formula.

A with B, B with C, C with D, D with E A with C, B with D, C with E

A with D, B with E A with E

Several comparative evaluations are conducted under the comparative analysis process, in which one employee’s output is contrasted with that of another co-worker, and the ranking is calculated accordingly. The typical comparative forms used in this approach are the Ranking System and the Paired Comparison Method.

By this approach, every employee is compared one at a time with all the other individuals in pairs. Judgement is faster and simpler with this technique than with the ordinary ranking system. On a piece of paper, the number of times each person is compared to another is tallied.

These numbers give the entire group’s rank order. For instance, if there are five individuals to be compared, then A’s performance is compared to B’s, and a decision is made as to whose performance is better. A is then compared to C, D and E... in that order. Next B is separately contrasted with all the others.

Since he has already been compared to A, only C, D and E are compared to him. In respect of other employees, a similar distinction is made. Thus, we arrive at ten decisions by this process, and only two are involved in any decision. The number of decisions is determined by formula N (N-2), where the number of individuals to be compared is defined by N.

## Forced Distribution Method

In large organizations, this technique is popular. It is based on the fact that in an organization the output of workers differs substantially, some would be more productive and some would be less productive. In this process, the manager is then required to assign employees on all points of the bell-shaped scale on the basis of their results. Some fall into the outstanding zone, some into the average zone and some into the curved scale’s bottom area.

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This performance evaluation approach is based on the premise that the work performance of the employee conforms to the standard distribution curve, i.e., a curve formed by the bell. The rater is therefore compelled to position workers on the scale at each point.It is shown that the cluster of employees on a ranking scale is put at the highest point.

Joseph Tiffin evolved this approach after statistical work. This method is used to remove or minimize the bias of raters, so that all workers will not be put at the higher end or at the lower end of the scale. It requires the rater to measure an employee according to a predetermined scale of distribution.It is success and promotion under this scheme.

A five-point rating scale is used without any descriptive statement for this reason. Employees are put between the two poles of ‘good’ and ‘poor’ job performance; for instance, 10 percent, granted superior or excellent value, are placed at the top end of the scale; 20 percent with good rating (i.e. above the average), 40 percent satisfying (or average); 20 percent fair; and 10 percent unsatisfactory (or below average or poor).

This form of forced allocation suggests that 10 per cent of the overall workers would go to the top grade, 20 per cent to the second grade, 40 per cent to the middle grade, 20 per cent to the lowest grade, and 10 per cent to the lowest grade.

Employees are valued for promotional skill in addition to job results. A three-point scale is used frequently for this purpose:

* + - 1. Very likely promotional material
      2. May or may not be promotional material
      3. Very unlikely to be promotional material

The positive point of this method is that the issue of multiple appraisers using different sections of the scale is avoided by pushing the distribution in this way. Second, this approach appears to remove or decrease prejudice, but its use in wage control contributes to low morale and low productivity. Third, in companies, the approach is extremely simple to understand and very convenient to implement.

## Graphic Rating Scales

It is a common conventional performance evaluation tool. A rating scale is developed in this process to measure employee performance against certain criteria. His mood, attendance, punctuality and interpersonal abilities are usually included in these criteria. In this system, the rating scale used ranges from 1 to 10.The low score shows adverse feedback and the high score shows positive feedback.

The numerical scale is prepared to reflect the parameters for job evaluation, such as performance, effort, participation, attitude, reliability, etc., and ranges from excellent tobad.Thus, against each set parameters, each employee is given the ranking based on his results and then the consolidated score is determined accordingly. Rate scales are one of the simplest conventional performance evaluation approaches and can be applied to any work.

His method of performance evaluation is the most widely used. A printed type, one to be graded for each person, is under it.These variables are, according to Jucius, employee attributes and employee contribution. Qualities such as initiative, leadership, cooperativeness, reliability, business, attitude, excitement, commitment, imaginative skill, decisiveness, analytical ability, emotional capability, and teamwork are included in employee characteristics.

The amount and quality of work, responsibility assumed, basic objectives accomplished, regularity of participation, leadership provided, attitude towards superiors and colleagues, flexibility, etc. are included in the employee contribution. These characteristics are then measured on a continuous scale, where a label somewhere in a spectrum is put instead.

For example:

A discontinuous or multiple scale type is often used, in which one factor is used along a discontinuous scale, consisting of suitable boxes or squares to be ticked off. The scale can be represented by 3, 7, 10 or more sections and points and may be broken down. The number of variables used mostly ranges from 9 to 12; in some strategies, there are as many as 30.

It is simple to understand and easy to use the rating scale system, and allows for a statistical tabulation of ratings. It is possible to make a ready comparison of scores among the workers. The importance of a person is indicated by these scores. It is today’s most popular assessment method in use.

Besides, they can provide valuable input when ratings are critically provided.

## Checklist Method

A checklist is drawn up in this process. It is made up of informative statements relating to employee conduct. There are two alternatives to each declaration, Yes & No or True or False. The rater will select one out of two choices that he feels represents the employee’s actions correctly.

In the form of a statement, a checklist of employee traits is prepared where the rater puts a tick mark in the “Yes” or “No” column against the checked trait for each employee. After the checklist is finished, the rater forwards the list to the HR department for the employee’s final assessment.

Below is an example of a checklist:

An example of a checklist is given below:

**Notes**

|  |  |  |
| --- | --- | --- |
| 1 | Is the employee really interested in his job? | yes/no |
| 2 | Is he regular on his job? | yes/no |
| 3 | is he respected by his subordinates? | yes/no |
| 4 | does he show uniform behaviour to all? | yes/no |
| 5 | Does he keep his temper? | yes/no |
| 6 | Is he always willing to help other employees? | yes/no |
| 7 | Does he follow instructions properly? | yes/no |

**Notes**

|  |  |  |
| --- | --- | --- |
| 8 | Does he give recognisation and praise to employees for work done well? | yes/no |
| 9 | Is the equipment maintained in order? | yes/no |
| 10 | does he ever make mistakes? | yes/no |

On the part of the rater, this strategy suffers from bias because he can differentiate positive and negative queries. Secondly, for various groups of workers, a separate checklist must be created. This cycle can be costly and time-consuming. Thirdly, a variety of claims regarding employee traits and achievements are difficult to compile, analyze, and measure.

## Critical Incidents Method

The critical event approach emphasizes workers’ critical attitudes, such as the employee’s response to a certain situation. So, the performance is measured against a list of essential behaviors in this technique. For instance,

The manager treated an irritated customer effectively on July 22. In resolving the issue, was he very prompt and polite. It is a critical incident that is positive.

The manager was really rude on July 22, treating an angry customer.It is a vital event of negative significance.

Under this strategy, the supervisor tracks and takes into account the crucial conduct of each employee that makes a difference in the effective or non-effective output when assessing his performance.

A materials manager may be trained to look for and identify the following critical incidents in the output of a buying agent in order to provide an illustration:

1. The salesman was handled in a markedly discourteous manner.
2. Helped the buyer prepare an exceptionally challenging order for the purchase.
3. Persuaded the local seller to stock the especially essential material needed by the company.
4. He declined an unnecessarily overpriced bid.
5. He did not return an important phone call.
6. The nature of the internal material requisition type was improved.

After a comprehensive analysis of the people employed on a task, these crucial events are discovered. The events collected are then ranked in order of frequency and significance.

This approach offers an objective framework for conducting a discussion of the performance of a person. Vague impressions and general statements are avoided, as the supervisor is qualified to reliably report the actual events of an employee’s everyday activities. This approach decreases the “recency” impact of most performance ratings (most recent events get too much emphasis).

This technique, however, has significant limitations.

## Group Appraisal

Appraisals, whether group or individual, provide feedback to workers or organizational teams. Traditionally, performances evaluations provide information to assist improve performance, increase efficiency and define management’s expectations. Performance appraisals compare work performed against measurable objectives that the worker and supervisor agreed to at the start of the appraisal period. As work has become more group oriented, performance appraisals now measure how a group of workers perform instead of just how a private performs his job.

### Definition of Group Appraisals

As jobs become more intricate, organizations must believe teams of individuals to accomplish tasks. To guage job performance by groups of individuals, organizations institute team performance appraisals. Group appraisals assess the performance of teamwork on organizational performance. Group appraisals can range from recognition of individual performance and its contribution to group outcomes to only an assessment of the organization’s performance. When only an organization’s performance is evaluated, no individual appraisals are completed and individuals don’t receive performance ratings.

### Types of Group Appraisals

The culture and organizational structure of the workplace environment influence the sort of group appraisal best suited to guage and measure performance. If work teams exist within the organization, but are used only occasionally to accomplish projects, individual performance measurements are wont to determine a final rating of the worker. When a corporation uses teamwork more frequently, performance appraisals still emphasize individual performance but introduce an assessment of the worker’s contribution to the team effort. If a corporation uses a big amount of teamwork to accomplish its objectives, team performance appraisals link team productivity measurements with individual performance measurements. Organizations with only a team approach don’t utilize individual performance appraisals. Team performance measurements determine monetary rewards.

## Field Review

Under this method a supervisor is interviewed from human resource expert from human resource department. The evaluator is provided with test questions usually memorised by himwho asks the supervisor. Supervisor is predicted to offer his opinion about the subordinates like about his weakness and strength, outstanding ability, willingness to cooperate etc. The evaluator records the small prints which are approved by the supervisor and these are kept within the personal file of the worker.

There are some common and modern appraisal methods that many organisations gravitate towards, including:

### Self-Evaluation

In a self-evaluation assessment, employees first direct their exhibition assessment on their own against a set list of models.

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The pro is that the method helps employees prepare for their own performance assessment and it creates more dialogue in the official performance discussion.

The con is that the process is subjective, and employees may struggle with either rating themselves too high or excessively low.

### Behavioral Checklist

A Yes or No checklist is provided against a progression of characteristics. If the supervisor believes the employee has exhibited a trait, a YES is ticked.

In the event that they feel the employee has not exhibited the trait, a NO is ticked off. If they are unsure, it can be left blank. The pro is the simplicity of the format and its focus on actual work-relate tasks and behaviors (i.e., no generalizing).

The con is that there is no detailed analysis or detail on how the employee is actually doing, nor does it discuss goals.

### 360-Degree Feedback

This sort of survey incorporates not simply the immediate criticism from the chief and representative, yet in addition from other colleagues and sources. The review also includes character and leadership capabilities. There is that it provides a bigger picture of an employee’s performance.

The Con is that it risks taking in wide speculations from outside sources who numerous not expertise to give helpful input.

### Ratings Scale

A ratings scale is a typical technique for examination. It utilizes a bunch of pre- decided measures that a director uses to think about a worker in contrast to.

Each set of models is weighted with the goal that a deliberate score can be determined toward the finish of the survey.

The pro is that the method can consider a wide variety of criteria, from specific job tasks to behavioral traits. The results can also be balanced thanks to the weighting system. This means that if an employee is not strong in a particularly minor area, it will not negatively impact the overall score.

The con of this method is the possible misunderstanding of what is a good result and what is a poor result; managers need to be clear in explaining the rating system.

### Management by Objectives

This kind of appraisal is a more up to date strategy that is acquiring in ubiquity. It includes the representative and chief consenting to a bunch of feasible execution objectives that the worker will endeavor to accomplish throughout a given timeframe.

At the following survey time frame, the objectives and how they have been met are looked into, while new objectives are made. The pro of this method is that it creates dialogue between the employee and employer and is empowering in terms of personal career development. The con is that it risks overlooking organisational performance competencies that should be considered.

### Check your Understanding

1. In the , managers, on the basis of their merits, rate their subordinates from best to worst.
2. Under this process, the rater is forced to respond in true or false terms to the ready- made statements as provided in the blocks of two or more about the workers.
   1. Forced choice method
   2. Paired comparison method
   3. Forced distribution method
   4. Critical incidents method

**Notes**

1. The emphasizes workers’ critical attitudes, such as the

employee’s response to a certain situation.

1. This method is used to remove or minimize the bias of raters, so that all workers will not be put at the higher end or at the lower end of the scale.
   1. Straight Ranking Method
   2. Forced Distribution Method
   3. Paired Comparison Method
   4. Critical Incident Method
2. - A trainer employee from the personnel department

interviews superiors to determine their respective subordinates under this strategy.

### Summary

Traditional Methods of Performance Appraisal

* Confidential Report

o The senior prepares a confidential report about the employee’s efficiency, actions and other characteristics. The study is not intended to be shown to others. It is sent in a sealed cover to the officials concerned who, on the basis of this paper, assess the employee and take decisions accordingly.

* Free Form / Essay Method

o In this approach, the rater writes a summary of the conduct and results of the worker. The definition contains all relevant details, such as the personality of the employee, work experience, current performance and growth potential.

* Straight Ranking Method

o In the Straight Ranking System, managers, on the basis of their merits, rate their subordinates from best to worst. Here is a comprehensive explanation of why the best or worst is not offered.

* Paired Comparison method

o In this approach, one unique trait is considered to assess the workers. Each worker is compared with others on a one-to-one basis, in pairs, based on this characteristic. A formula is used to determine the potential number of pairs: N (N-1)/2. N is the number of jobs to be measured.

**Notes**

* Forced Distribution method

o In large organizations, this technique is popular. It is based on the fact that in an organization the output of workers differs substantially, some would be more productive and some would be less productive. In this process, the manager is then required to assign employees on all points of the bell-shaped scale on the basis of their results.

* Graphic Rating Scales

o It is a common conventional performance evaluation tool. A rating scale is developed in this process to measure employee performance against certain criteria. In this system, the rating scale used ranges from 1 to 10. The low score shows adverse feedback and the high score shows positive feedback.

* Checklist Method

o A checklist is drawn up in this process. It is made up of informative statements relating to employee conduct. There are two alternatives to each declaration, Yes & No or True or False. The rater will select one out of two choices that he feels represents the employee’s actions correctly.

* Critical Incidents Method

o The critical event approach emphasizes workers’ critical attitudes, such as the employee’s response to a certain situation. So, the performance is measured against a list of essential behaviors in this technique.

* Group Appraisal

o Employees, consisting of their supervisor and three or four other supervisors who have some knowledge of their results, are rated by an evaluation group under this system.

* Field Review

o A trainer employee from the personnel department interviews superiors to determine their respective subordinates under this strategy. The assessor is completely prepared with detailed test questions that he submits to the supervisor, typically memorized in advance.

### Activity

1. Make a presentation on all the different appraisal methods making sure to explain in detail, pros and cons, and with examples.

### Glossary

* **Allocation** – the action or process of sharing out something
* **Requisition** – a formal written demand that something should be performed or put into operation
* **Tabulation** – systematic and logical presentation of numeric data in rows and columns to facilitate comparison and statistical analysis

### estions and Exercises

1. What is the formula for calculating the potential number of pairs in the paired comparison method? How many pairs are there if there are 16 people?
2. List the factors that a supervisor observes in the free form method of appraisal.
3. Why is the forced distribution method popular in large organizations?

### Answers to check your understanding

* 1. Straight Ranking Method 2. (a)

3. Critical event approach 4. (b)

5. Field Review

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# Unit-3.4: Modern Methods of Performance Appraisal

## Objectives

### At the end of this unit, you will be able to understand:

* Assessment centres
* Human Resource Accounting
* Behaviorally Anchored Rating Scales
* Appraisal Through MBO
* 360 Degree Appraisal

## Modern Methods of Performance Appraisal

Methods of performance assessment are divided into two groups, traditional and modern. Each group, however, has its own strengths and weaknesses. There is no standard method of assessment that is used consistently in the process of performance assessment. Since one strategy may be acceptable for one company and not suitable for others.

The rating of the personality traits of the individual, such as initiative, reliability, drive, imagination, honesty, intellect, leadership capacity, etc., is emphasized by conventional methods. Modern approaches, on the other hand, are more susceptible to job success and assessment of job outcomes. The organizations facing pacing are better suited to modern methods and focus on efficiency, outcomes, and employee productivity. Here are the seven most successful modern performance assessment techniques.

1. Management by Objectives (MBO):

This term was first termed by management guru Peter Drucker in his 1954 book, The Practice of Management.

This method aims on improving the organization’s performances by defining clear goals both agreed by the employees and the managers. The goals set should be challenging yet achievable. Both managers and employees should review past performance and pinpoint the problems. The information acquired then should be used to address organizational goals and needs. The practitioner of MBO believes that it helps in employee motivation and commitment. It also builds healthy communication between the management and employees.

1. Psychological Appraisals

One of the most thrilling and intuitive assessment approaches is psychological appraisal. This approach measures the capacity of workers for future success rather than their past performance. It focuses on employees’ mental, intellectual, and other personal characteristics influencing their performance. This strategy fits today’s workers the best. Employees are now very fragile and sometimes fall into the pit while juggling their personal and work lives. This technique recognizes that aspect and encourages workers to shine in the future.

1. 360 Degree Feedback
2. Assessment Centre Method
3. Behaviorally Anchored Rating Scale (BARS)
4. 720 Degree Method

In this process, not only the stakeholders within the business, but also the groups outside the organization carry out the evaluation. Customers, investors, vendors, and other financial institutions are those external groups that measure the efficiency of the workers.

It is one of the most important modern performance assessment techniques, since this is the only category that decides the effectiveness of the company as a whole.

Companies now use new performance assessment approaches that have a wider reach than conventional methods and provide a more detailed and thorough assessment of a person.

1. Cost Accounting Method

## Assessment Centres

Employees are tested in this phase to take part in events such as in-basket drills, role-playing, debates, computer simulations, etc. In terms of their persuasive performance, communication skills, trust, sensitivity to the feelings of others, mental alertness, administrative capability, etc., they are assessed.

This whole process is conducted under the teacher, who monitors the actions of the employee and then discusses it with the rater, who measures the performance of the employee.

The idea of the Assessment Centre was originally introduced by Simonies in the German Army in the 1930s and the British Army’s War Office Selection Board in the 1960s to military circumstances. The aim of this approach was and is to test candidates, using a number of assessors and a variety of procedures, in a social setting.

Job-related simulations are the most significant aspect of the evaluation centre. These benefits provide features that managers believe are crucial to the performance of the job. When they conduct tasks typically found in these higher-level occupations, the evaluators track and assess participants.

Under this methodology, several evaluators work together to assess employee efficiency with the use of a number of parameters in many cases. For the first level (the lowest) supervisory positions, it is often used to help pick workers.

Assessments are made in order to assess the ability of workers for promotion purposes. In general, the examination is carried out with the aid of a few staff and includes a paper-and-pencil exam, interviews and situational exercises.

Some of this system’s other features are:

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* + - 1. Use of situational exercises (such as an in-basket exercise, a business game, a role-playing scenario, and group conversation without leadership)
      2. Evaluators are drawn from experienced executives with established skills at various management levels
      3. All workers are evaluated, individually and collectively, and each applicant is awarded one of the three categories: more than acceptable, less than acceptable and unacceptable
      4. A summary report is prepared by the members and input is given on a face-to- face basis to all candidates who request it

Purposes of Assessment Centres:

For the following reasons, assessment centres are used:

1. To assess the capacity for supervision, sales and upper management roles at

the first level; and also for growth purposes for higher management levels

1. To assess the individual needs of workers for training and development
2. To pick recent college students for positions at the entry level
3. To have more reliable data on human resource planning
4. To assess the potential early on
5. To help implement goals for affirmative action

In general, the Evaluation Centres test interpersonal skills and other factors such as: coordination and planning; interpersonal skills (getting along with others), thought quality, stress tolerance, orientation (motivation) to work, dependency on others, communication and imagination in the other group.

The ability to coordinate, prepare and make decisions, as in basket simulations and scores obtained on paper and pencil, psychological assessments, are essential to the overall evaluation score.

### Procedure:

This method is accompanied by the widely used Evaluation Centre programme. First, a leadership group is established; a predefined role is endorsed by each member, but consensus must be achieved by the group. A task force with a designated chief, who agrees on a course of action, is then used.

To assess organizational and preparation skills, simulation games and in- basket activities are used. The applicant makes an oral report, which checks his communication abilities and directly into his current role. To measure job motivation, career orientation, and dependency on others, personal interviews and projective tests are used. Tests on paper and pencil test intellectual capacity.

The length of the programme of the Assessment Centre varies from person to person. Centres designed to select first-line supervisors, sales workers, and management trainees, for example, usually last for a day or less; while those used for higher-level managers, if used for developmental purposes and not for selection purposes, which run for two or three days or longer.

### Problems:

Assessment Centre scores are said to be highly affected by the interpersonal abilities of the client, and judges prefer to assess the quality of the social skills of the respondent rather than the quality of the decisions themselves.

In addition, interpersonal and decision-making skills are assessed by in-basket tasks, verbal abilities and personal characteristics. The comparatively inexpensive paper-and-pencil tests to calculate ability may therefore be as precise as the high-cost center for high-stress evaluation.

Therefore, the methodology of the Evaluation Centre suffers from many legitimate hazards. Exam-taking is one of the most noticeable. Solid actors unexpectedly choke in simulated surroundings in day-to-day activities. The possible bad effects on those not chosen to engage in the exercise are another downside. The cost of evaluating an employee at a specific level of employment is prohibitive.

There is one unique flaw in many Evaluation Centres-immediate supervisors appoint participants. Employees who are curious, autonomous, violent, and intellectual can never be chosen because lower-level managers do not recognize those qualities, although significant at higher levels.In addition, workers who receive a negative report from the centre can respond in adverse ways and may demoralize an employee who was once an asset.

In order to ensure the effectiveness of the Assessment Centre Programme, strong focus must be put on a clear statement of priorities, achieving top management engagement, task review, evaluator training and program audit and evaluation.

* + 1. **Human Resource Accounting**

Some may find this methodology a little harsh, and for others, it may be a simple evaluation tool.

This approach assesses the efficiency of the workers from the monetary production that a company yields from its input. This is calculated by analyzing the cost of maintaining workers with the gains from their inputs that a company yields.

The approach of HRA (also known as human asset accounting) refers to practice dedicated to adding money figures to the valuation of the internal human organization of a business and its external goodwill of customers. If willing, well-trained workers leave a corporation, the human organization is worthless; its human assets are enhanced if they join it.

The human undertaking is devalued if mistrust and conflict exist. When coordination and high morale prevail, a very important commodity is the human organization. Human resource accounting is the practice of systematically valuing, documenting and displaying the value of human capital in an organization’s account books.

M.N. Baker states, “Human resource accounting is the term applied by the accountancy profession to quantify the cost and value of employees to their employing organization.”

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### Objectives:

The key aim of accounting for human resources is to make it easier for management to collect information about the expense and value of human resources. Accounting for human capital brings to light the quantity of human resources and reveals in the proper perspective the correct regulation of its protection, degradation and appreciation.

It offers data on the cost of human capital to stakeholders and compares it accordingly with the benefits gained from its use. The aim of the HRA is not only to understand the importance of all the resources the company uses, but also to manage human resources that will increase the quantity and quality of products and services.

The central aim of the HRA is to promote the productivity of human capital. The treatment of human capital as properties, the production of human data on human resources, the assigning of value to human resources and the presentation of human assets on the balance sheet are effectively adopted.

### Limitations:

HRA is not received wholeheartedly because of the following reasons:

1. There is no clear-cut and precise method or advice for finding an organization’s expense and importance of human capital. There are certain limitations to the systems that are being implemented.
2. The period of human resource life is unpredictable and therefore it seems unrealistic to value them under uncertainty in the future.
3. There is a question about HRA being able to dehumanize and exploit staff.
4. For example, an employee with a relatively low value will feel frustrated and develop a complex that will affect his ability to work on his own.
5. To support the hypothesis that HRA as a management method promotes better and successful human resources management, the much needed empirical evidence is yet to be sought.
6. The topic still to be classified on which there is no agreement in the accounting profession is their importance to be included in the financial statement in what type and manner.
7. Unlike financial assets, since human resources are not capable of being purchased, maintained and used, it is difficult for management to regard them as assets in the strict sense of the term.
8. There is constant fear of trade union opposition as it will make them demand

benefits and wages based on such appraisal by putting value on workers.

1. Another problem is how to amortize the importance put on human capital. Is it necessary to minimize, stabilize or raise the rate of amortization? It should be the same for various types of workers or different?
2. Tax laws do not consider human beings as properties, considering all their importance and need.
3. There is no widely agreed method of assessment of human properties.
4. Human resource accounting is still at the developmental stage as far as our country is concerned. For its successful implementation, a great deal of additional research is required.
   * 1. **Behaviorally Anchored Rating Scales**

Behaviorally Anchored Rating Scales are intended to add to the employee evaluation process the advantages of both qualitative and quantitative results. BARS compares the performance of a person to particular action examples anchored to numerical scores.

It measures the performance of a person against particular behavioral examples that are connected to numerical scores of 5 to 9. A vertical rating graph is commonly interpreted as a behaviorally rooted rating scale. Using Critical Incident Techniques (CIT), which are methods used to track human activity that is significant in a specific arena, these behavioral anchor points are collected.

This is a new form of assessment that has recently been developed. The supporter believes that compared to other methods, it offers stronger, more equal evaluations.

The BARS procedure is typically five stages:

1. Generate Critical Incidents- People with experience of the job to be assessed (jobholders/supervisors) are asked to identify detailed illustrations of productive performance actions (critical incidents).
2. Develop Performance Dimensions- These individuals then cluster the events into a smaller set of performance dimensions (or say 5 or 10). After that, each cluster (dimension) is specified.
3. Reallocate Incidents- The initial critical events are then reallocated to some group of people who know the job as well. They are given the descriptions and critical incidents of the cluster and asked to reshape each incident to the dimension that is best defined. Typically, if any proportion (usually 50 to 80 percent) of this group assigns it to the same cluster as the previous group did, a critical incident is maintained.
4. Scale of Incidents- This second category is normally asked to rate the behavior defined in the incident (7 or 9 point scales are typical) as to how efficiently or ineffectively it reflects success on the appropriate dimension.
5. Develop Final Instrument- For the output dimensions, a subset of incidents (usually 6 or 7 per cluster) are used as “behavior anchors.”.

Although the BARS method is more time-consuming and costly than other evaluation instruments, it has certain benefits, such as:

1. A more precise gauge, since BARS is performed by experts in the technique,

the results are sufficiently precise.

1. Clear Standards. The crucial events along the scale help explain what “extremely good” performance, “average” performance and so on are supposed to mean.
2. Feedback. In providing input to the individuals being measured, the use of critical events can be more useful.

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1. Independent dimensions. Clustering the critical events systematically into 5 or 6 output measurements helps to make the dimensions more independent of each other.
2. Rater Independence. The methodology is not biased by the rater’s experience and judgment.

## Appraisal through MBO

Peter Drucker evolved this form. Management by Objectives (MBO) is a strong management principle and an important way for the assessment process to be operationalized. It seeks to minimize external controls and increase internal motivation by setting joint goals between the manager and the subordinate and increasing the regulation of his work by the subordinate himself.It strongly emphasizes the importance of enabling the subordinate to actively engage in the decisions directly affecting him.

Management by Objectives can be categorized as“a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual’s major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members.”

Leadership guru Peter Drucker first named the word Management by Goals in his 1954 book, The Art of Management.

This approach focuses on enhancing the efficiency of the company by identifying specific priorities decided by both staff and executives. The goals set should be demanding and achievable.Managers and workers should both review past results and recognize the issues. In order to meet organizational priorities and requirements, the knowledge collected then should be used.

MBO practitioners agree that it helps to inspire and involve workers. It also creates positive communication between the leadership and the workers.

Steps in MBO (Also called MBO Process Cycle)

* MBO emphasizes measurable, concrete, and achievable targets in the first step, keeping the organizational mission in mind.
* The second step is to translate these targets into the workers.
* The staff ispermitted to prepare their goals in the third step.
* The progress of the employees is monitored in the fourth step.
* Evaluating and rewarding staff is the fifth step. Honest feedback is given, and new strategies for goals that are not reached are also created.

MBO has been described from another point of view as:

* + - 1. A structure approach to management and organization, where those responsible

for managing the organization first decide where the organization is to be taken

* + - 1. A mechanism that involves and enables all key management staff to contribute their utmost to the achievement of the overall goals
      2. An attempt to incorporate all the priorities of all key staff and to align them
      3. A mechanism for assessment Objectives of MBO:

In itself, MBO has a goal. The aim is to shift behaviour and attitudes towards doing the job. In other words, it is result-oriented; what counts is results. It is the framework and theory of management that emphasizes aims rather than processes.

It offers transparency and accountability and recognizes that workers have expectations for achievement and self-fulfillment.It fulfills these needs by offering opportunities for involvement in the process of setting goals. In planning their own careers, subordinates become involved.

MBO Process:

Although MBO has something of an air of mystery about it, the procedure is actually fairly simple. It consists of the following five basic steps:

1. Set organizational objectives, i.e., an organization’s establishment, general strategy and goals. Such targets are explicitly and concisely articulated and can be reliably calculated. They have to be updated regularly. They should be difficult-strong enough to offer encouragement, but not so high that they are out of control.

They could otherwise lead to dissatisfaction among the workers and lead to defensive behaviour. Clear attainable targets help guide energy in particular directions and let the subordinate know the basis on which he will be rewarded.

1. Joint objective environment, i.e., defining short-term performance goals in a conference between the management and the subordinate. The individual manager must justify the roles of his subordinates in his own opinion. It is possible to use Organizational Maps and Job Descriptions.

Each subordinate will be asked by the manager to write down his personal objectives, while the manager in turn writes down the goals he feels subordinates should have. They are then addressed by the manager and subordinate, make a consensus about them, and put them in writing.

The manager will ask his subordinates how he can help achieve these goals personally, and ask for suggestions.The objectives set should be flexible enough to accommodate fresh ideas, and individual responsibility should be emphasized.

The objectives should be transparent and precise and should be quantified for easier calculation, such as:

1. For the planning, sorting and transfer of all accounts payable vouchers to the office

superintendent within three working days of receipt of the invoice;

1. 350 meters of wire to regular three-meter lengths, with a maximum scrap of 10 meters, for cutting every day;
2. Usage of Program Assessment and Analysis Technique (PERT) for all new plant designs;
3. To have meetings regularly with all subordinates, etc.

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1. Performance evaluations, i.e., regular meetings between supervisors and subordinates for performance analysis. Monthly reviews may be used during the initial stages of the MBO programme and then expanded to quarterly reviews. Reviews can generally be performed more frequently than once a year for optimum effectiveness.
2. Set check posts to assess progress, i.e., setup of major check posts. Human nature’s quirk allows the manager to be continuously alert and practice sound judgment. However, as the subordinate learns to set targets and direct actions towards their objectives, the rate of control and the amount of control can be gradually reduced.
3. Feedback- Employees who receive regular feedback on their results are more highly motivated than those who do not receive specific, appropriate and timely feedback that helps fulfill the need for most individuals to know where they are.

Thus, an employee and his supervisor meet and mutually identify, determine, and set such goals or objectives under the MBO program that the employee will aim to accomplish within the specified period of time. They also address the means and methods of assessing the success of employees.

Work-related and career-oriented are the priorities which are set. In order to determine the objective success of the employee, the employee frequently visits his boss. These objectives can be revised if needed. The other primary characteristics of this approach are periodic feedback and supervisor-subordinate interaction. The supervisor plays positions in support, therapy and coaching.

In summary, MBO’s three pillars are:

1. Goal setting
2. Feedback
3. Participation — all these enhance performance.

## 360 Degree Appraisal

360-degree feedback is a comprehensive compilation and feedback from both the colleagues, managers and even consumers of performance data obtained for employees.

This is one of the most frequently used types of assessment. Since the presence of supervisors, colleagues, clients is involved, this approach collectively provides a summary of performance reviews.It helps to have a diverse perspective in the performance evaluation process.

360 Degree Assessment is a method or mechanism in which the individuals employed around them receive confidential, anonymous input from employees.The inputs for the said assessment are given by supervisors, colleagues, superiors, team members, clients, suppliers and everyone else who could come into contact with the employee (whose output is measured by multiple raters) in question.

The assessment tests behaviours and competencies displayed over a period of time by the pace.Listening, preparation, target setting, etc. are the skills that are being tested. Other types of behaviour are also measured, such as coordination and

leadership effectiveness. The responses from various raters (subordinate evaluation, peer evaluation, superior evaluation and self-assessment) are combined to provide an objective evaluation of the results and actions of the rate.

The feedback could be brutally honest, however accurate and trustworthy, since it is anonymously collected. As such, there appears to be a high quality of information collected. In the form of an impartial evaluation, there is less space for individual bias or discrimination.

The emerging inconsistencies between the self-assessment of an employee and the evaluations of others may be placed under close scrutiny.Through efforts aimed at self-growth and self-development, such a test exercise could expose gaps and help the rate to cover them. Not surprisingly, over 90% of Fortune 500 businesses have adopted some form of 360 degree career development feedback system, performance evaluation, or both.

Organizations such as NTPC, State Bank of India, Titan Industries, Bajaj Auto, and Dr. Reddy’s Laboratories have reaffirmed their confidence in the 360-degree evaluations and have been increasingly using them in recent times. In almost all leading IT businesses, including Infosys, Wipro, TCS, KPMT Cummins, etc., the method is highly common.

Understanding 360 Degree Appraisal Systems:

For small and mid-size organizations, 360-degree assessments are beneficial, but where the strength of the employee is large logistics, all employees could be evaluated as a deterrent. In such situations, the input on a portion of the top managers is conducted by many large organizations.

In most 360-degree feedback systems, core competencies are established and comments are framed based on these. The statements concentrate on 10-12 skills, but they can range from 45-75. The individual worker would then provide himself with input as well as receive feedback from others.

360 degrees must be incorporated in the business for the correct reasons (developmental purposes). Organizations ought to ask these questions about themselves. What is the one we’re looking for? Is this test just for a change in wage or other developments? The response is definitely ‘no’ if it is just for the first cause, but if it is the second, then some evaluation advantages.

This assessment method has everything to do with knowing, interacting and articulating in the correct way; this is what guarantees the program’s performance. If it is not well-enough expressed, it will be seen differently by various individuals. People in leadership, for example, can see things in a different way than subordinates or peers.

Any sort of shared understanding must be had. Failure to realize this would ruin relationships, generate negativism, and have a dampening effect on the morale and efficiency of the team. The secret when it comes to input from colleagues and direct reports is confidentiality. If the correct culture doesn’t exist in the organization, it can sometimes backfire.

The ‘boss’ might feel threatened, or among peers there might be difficult feelings. If HR is its only champion, a 360-degree feedback programme is doomed. It also needs

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a senior management buy-in. In giving and getting input, companies can also train individuals.

Organizations that incorporate feedback of 360 degrees without first testing and improving the feedback skills of their managers cause significant harm to teamwork and morale. People need preparation and practice to provide positive feedback.

If the input given to participants becomes oriented, targeting the behaviors associated with value development and loss, the benefits will outweigh the high costs of the training.

Ultimately, the aim should be to build a community in which people are comfortable giving and getting input on a real-time basis, both positive and negative, rather than waiting for an annual review. The following points need to be taken care of to ensure the effective implementation of a 360-degree assessment system:

1. **Positioning of the Process:** Employees should be made aware that it is a tool for assessing the leadership competencies of an individual.
2. **Building Transparency in the Process**: It is important that all 360-degree participants, workers and respondents, are informed about the method and its use. The colleagues and direct reports should be made comfortable by promising confidentiality of the feedback. Another important point is that the workers themselves must carry out the respondent nomination.
3. **Helping the Employee to Understand the Feedback:** Unless attempts are taken to help the individual employee understand the outcomes, the 360-degree feedback process will not be impactful and efficient. A trained psychologist who works closely with the worker to understand the outcome and acknowledge the suggestions is defined by many organizations.
4. **Preparing the Development Plan:** An employee must prepare a plan of progress that must be tracked and reviewed. Many organizations at this point require the employee’s boss to ensure that the growth strategy is bought-in and that the employee still has internal organizational support.

The development plan should include elements such as preparation, work rotation, additional tasks or the employee’s agreement that he will modify any inappropriate actions he exhibits. The majority of development plans include an employee initiative of 75 per cent and a business initiative of 25 per cent.

1. **Mentorship and Coaching Support:** Providing assistance to an external specialist either through an internal resource or through outsourcing. As a companion, philosopher and guide to the individual employee, the expert acts. The worker will go to this professional to discuss anything he may be embarrassed to discuss with someone else, or may not know how to deal with.
2. **Use Statistical Procedures**: In integrating tests, it would be beneficial to deploy weighted averages or other quantitative methods. The raters, of course, should be careful not to rely on arbitrary combinations of data when coming to a conclusion. Checking the data for biases, preferences relating to age, gender, ethnicity or other group factors is also important.

### Check your understanding

1. The key aim of accounting for human resources is to make it easier for management to collect information about the expense and value of human resources. True / False

**Notes**

1. can be categorized as“a process

whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual’s major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members.”

1. is a comprehensive compilation and feedback from both the colleagues, managers and even consumers of performance data obtained for employees.
2. The key aim of accounting for human resources is to make it more difficult for management to collect information about the expense and value of human resources. True / False
3. M.N. Baker states, “ is the term applied by the

accountancy profession to quantify the cost and value of employees to their employing organization.”

### Summary

Modern Methods of Performance Appraisal

* Management by Objectives (MBO): o Psychological Appraisals
* 360 Degree Feedback
* Assessment Centre Method
* Behaviorally Anchored Rating Scale (BARS)
* 720 Degree Method
* Cost Accounting Method
* Assessment centres

o The idea of the Assessment Centre was originally introduced by Simonies in the German Army in the 1930s and the British Army’s War Office Selection Board in the 1960s to military circumstances. The aim of this approach was and is to test candidates, using a number of assessors and a variety of procedures, in a social setting.

* Human Resource Accounting

o This approach assesses the efficiency of the workers from the monetary production that a company yields from its input. This is calculated by analyzing the cost of maintaining workers with the gains from their inputs that a company yields.

* Behaviorally Anchored Rating Scales

o Behaviorally Anchored Rating Scales are intended to add to the employee

**Notes**

evaluation process the advantages of both qualitative and quantitative results. BARS compare the performance of a person to particular action examples anchored to numerical scores.

* Appraisal Through MBO

o Management by Objectives (MBO) is a strong management principle and an important way for the assessment process to be operationalized. It seeks to minimize external controls and increase internal motivation by setting joint goals between the manager and the subordinate and increasing the regulation of his work by the subordinate himself. It strongly emphasizes the importance of enabling the subordinate to actively engage in the decisions directly affecting him.

* 360 Degree Appraisal

o 360-degree feedback is a comprehensive compilation and feedback from both the colleagues, managers and even consumers of performance data obtained for employees. This is one of the most frequently used types of assessment.

### Activity

1. Create an easy guide pamphlet on how to ensure and effective implementation of a 360-degree assessment system. Elaborate on the steps and give examples of how each step can be achieved.

### Glossary

* **Amortize** – gradually write off the initial cost of (an asset) over a period of time
* **Autonomous** – having the freedom to act independently
* **Competencies** – the ability to do something successfully or efficiently

### Questions and Exercises

1. What are the typical five stages of the BARS procedure?
2. Describe the MBO process cycle.
3. What are the objectives of Management by Objectives?

### Answers to check your understanding

* 1. True
  2. Management by Objectives
  3. 360-degree feedback
  4. False
  5. Human resource accounting

**Case Study**

Mr. Shroff is a talented and well-experienced manager of BritestarCompany in human resources. By being an administrative expert and a change agent, he carries out his position as HR manager. For his subordinates and the staff whose success is assessed and evaluated by him, he has always been an inspiration.It is because of Mr. Shroff’s 15 years of experience working in HR departments that helped him get to know different methods of performance evaluation to measure his employees’ performance in a better way at all times.

In order to encourage employees to know about their success in the company, to assist them in providing sufficient preparation, if necessary, to increase their ability, to provide concrete input and to assess their current job performance to decide transfer, retention and termination of employees, he had always introduced only those approaches that he considered result-oriented.He has been working in Britestar for the last 5 years and due to his appropriate and equitable performance assessment methods that encouraged the use of performance assessment, he has earned a good amount of respect and confidence from his staff. Checklist, 360 Reviews and Evaluation centers are the most widely used strategies.

Due to Mr. Shroff’s good relationship and strong relationships with his subordinates Ram Kumar and P.K Gupta in recent months, he has established a new propensity to assess with leniency the performance of those employees known to Kumar and Gupta and because he finds them similar to him (personality and knowledge wise). As a consequence of Mr. Shroff’s biased and improper evaluation, he also assesses the performance of employees only with regard to their recent performance.Therefore, much of the efficiency of the employees has declined and is inefficient, even some of the successful employees have become reckless for their duties together with distinct actions showing little interest in making their best efforts to achieve the company’s goals and task. Some workers are preparing to leave as no sufficient input is given when needed and no better opportunities are likely to see the light of day for promotions.

### Question

1. Discuss the various performance assessment approaches used by Mr. Shroff.

**Notes**

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# Module-4: Maintenance of Human Resources

## Structure

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### Unit-4.1: Job Evaluation

* + 1. Job Evaluation- the Concept
    2. Objectives of Job evaluation
    3. Process of Job Evaluation
    4. Job Evaluation- Advantages and Limitations
    5. Methods of Job Evaluation - Non Quantitative Methods
    6. Methods of Job Evaluation - Quantitative Methods

### Unit-4.2: Compensation

* + 1. Compensation - the Concept
    2. Compensation Management
    3. Issues in Compensation Management
    4. Components of Compensation System

### Unit-4.3: Designing and Administration of Wage and Salary Structure

* + 1. Objectives of Wage & Salary Administration
    2. Essentials of Sound Wage & Salary Structure
    3. Factors Affecting Wages
    4. Methods of Wage Payment - Time Wage System
    5. Methods of Wage Payment - Piece Wage System
    6. Process of Wage Determination
    7. Pay Structure
    8. Wages
    9. Wages: Need based wage, Fair wage, Living Wage

### Unit-4.4: Types of Wage Incentives:- Individual Incentive Plan

* + 1. Halsey Plan
    2. Rowan Plan
    3. Emerson Efficiency Plan
    4. Bedeaux Point Plan
    5. Taylor’s Differential Piece Rate Plan
    6. Merrick’s Multiple Piece Rate Plan
    7. Gantt’s Task and Bonus Plan

### Unit-4.5 Group incentives & Others

* + 1. Group Incentive Plans
    2. Profit Sharing and Gain Sharing
    3. Fringe Benefits
    4. Employee Stock Option Plans (ESOP)

### Unit-4.6: Grievance Procedure and Handling

* + 1. Grievance - the Concept
    2. Causes of Employee Grievances
    3. Grievance Redressal Mechanism

### Unit-4.7: Discipline, Attrition and Retention

* + 1. Discipline - the Concept
    2. Positive Discipline and Negative Discipline
    3. Reasons of Indiscipline
    4. Procedure for Disciplinary Action
    5. Reasons for Attrition
    6. Managing Attrition in Organizations
    7. Employee Turnover and Retention Policies
    8. Elements of a Retention Strategy
    9. Benefits of an Effective Retention Strategy

**Case Study**

**Notes**

**Notes**

# Unit-4.1: Job Evaluation

## Objectives

* To understand the concept of Job Evaluation
* To identify the methods of job evaluations

## Introduction

One of the most important tasks of human resource administration, with connections to nearly all HR responsibilities, is job analysis. We would explain the purpose of job analysis in this section, define the steps in the process of job analysis, identify inputs to the job analysis process and describe it.

By such methods, job evaluation, which is an agreed instrument in the hands of staff management to avoid any disparity in job rates and to ensure uniformity in the entire salary structure, is carried out. Its components are the process-elements.

## Job Evaluation- the Concept

The following are the quotes of some experts:

|  |
| --- |
| *“Job evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs.”*  *Edwin B. Flippo.–* |
| *“Job evaluation represents an effort to determine the relative value of every job in*  *a plant and to determine what the fair basic wage for such a job should be.”*  *Kimball and Kimball Jr.,–* |
| *“Job evaluation as a personal term has both a specific and genetic meaning specifi- cally, it means job rating or the grading of occupations in terms of duties ; generally it means the entire field of wages and salary administration along modern lines”*  *Bethel, Atwater and Smith–* |
| *“Job evaluation may be defined as an attempt to determine and compare the de- mands which the normal performance of particular job makes on normal workers without taking account of the individual abilities or performance of the workers concerned.”*  *International Labor Organisation,–* |
| *“Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organisation and among similar organisations.”*  *Dale Yoder–* |

Job Evaluation is a standardized method in which the importance of one job is calculated in comparison to another operational job. The relative value of different workers is measured during the job evaluation, so that wages will be paid based on the value of the job.

An accurate and definite measurement of jobs is job analysis or investigation. It is the way to collect data about a task, i.e. the data, expertise, and knowledge that a job is supposed to complete adequately. Work-related information should be useful to the jobholder to do the work without any difficulty.

It is important to sum up the key characteristics of job evaluation as:

* + - 1. It is a methodology with a systemic strategy.
      2. It is an examination of the study involved in its starting point.
      3. It is an effort to decide the criteria of any incumbent’s job involved.
      4. It is a method by which jobs in an organization are measured.
      5. It is a method of evaluating and defining positions, grouping them, and assessing their relative importance by comparing the roles of different positions with respect to their various responsibilities and other criteria.
      6. It is a framework that deals solely with job evaluation and is not concerned with staff assigned to the job.
      7. It is designed only to establish wage differentials and is not concerned with the absolute wage level.

## Objectives of Job evaluation

If companies are continually changing and new organizations are emerging, current work appraisal concepts may be tested. It remains to be seen if existing job performance measures and associated systems remain important in a more quickly moving and continually shifting society, where new occupations and tasks are frequently invented.

It is also seen that the formal point structures used by so many organisations are still inflexible. Sticking to an existing structure rigidly can impose barriers to reform.Constantly, it can become too tedious and time intensive to update and write new positions along with the time that needs to be expended implementing the job assessment schemes for the rewards that are derived.

The job assessment goals are listed below:

* + - 1. To secure and retain complete, detailed and impersonal details of the entire plant of each distinct job or occupation.
      2. Providing a common method to assess the relative value or worth of each plant work.
      3. To assess a fair and equal rate of pay for each job in comparison to other employment in the factory, society and industry.
      4. To indicate that all experienced workers are paying similar salaries for the same job.
      5. To facilitate equal and correct evaluation for promotion and relocation of all workers.
      6. To have a factual framework for considering pay scales both within the population and within the market for comparable employment.

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* + - 1. To include job organization information, the hiring and training of workers and

various other significant uses.

Employment appraisal is the foundation of a sound pay system. Employment appraisal programs are effective in achieving internal wage parity between various corporate workers.To compare jobs within an entity, the work appraisal process uses chosen parameters so that they can be ordered for the purpose of awarding differential compensation.

Employment assessment mechanisms offer a justification for paying more or less for one job in a company than another. It is the method of job analysis and appraisal to accurately evaluate their relative importance, using the evaluation as a guideline for a rational and equal system of pay. Employment appraisal is carried out on a collective basis in the interests of both the unions and the management.

## Process of Job Evaluation

Job Evaluation is a process for comparing jobs for the reason of determining appropriate remuneration levels for individual jobs or job elements. There are four main techniques: Ranking, Classification, Factor Comparison, and point Method.

Job evaluation happens from the get-go during the time spent making a remuneration framework for the association. The job analysis cycle may diverge from or be utilized related to advertise evaluating, which utilizes the work market to set positions’ worth. This cycle, which may require a while, is generally finished by a group of learned senior workers who comprehend the elements of a large portion of the association’s positions. To look after objectivity, businesses here and there enlist experts to finish this progression in the pay arranging and configuration measure.

Job evaluations are regularly mistaken for work examination, yet the two exercises vary definitely. A job analysis is the precise cycle of looking at explicit undertakings and duties identified with a work, ordinarily for composing an expected set of responsibilities.Job evaluation is developed out of civil service grouping practices and some early employer job and pay classification systems. Employer associations have funded greatly to the adoption of certain plans. The extent of unionism has influenced the installation of job appraisal in that employers gave more attention to updated wage structures as unionism advanced.

As establishments became larger and larger and more bureaucratized the necessity for a rational system of paying employees became apparent. Wage structures became more complex and required some way to bring order to the chaos maintained by supervisors setting pay rates for their employees on their own. Job evaluation became a chief part of the answer. The techniques and processes of job assessment were developed and perfected during this time period of the late 1950s.

Job Evaluation Methods include four essential techniques for job evaluation used to set pay levels are point factor, factor examination, job positioning and occupation grouping. Generally, job evaluation were inside examinations of occupation worth; be that as it may, lately bosses have started to utilize a mix of inner correlations and outer market benchmarking.

* Internal Job Evaluation Methods include Internal job evaluation techniques are either quantitative or qualitative (subjective). Quantitative methods use realities dependent on gathered information to characterize a job.
* External Job Evaluation Methods are for a few associations, interior occupation assessments might be wrong. For instance, occupations with an aptitude lack may bring about swelled costs. Likewise, matrix associations with little pecking order would not profit by work positioning or point-factor examinations. Hence, numerous businesses are starting to utilize market information to decide a work’s worth. To remain serious, associations much of the time survey outside compensation rates and screen current, precise market information.

## Job Evaluation- Advantages and Limitations

Job evaluation is a valuable tool that aims to maintain stability in the pay scale as well as establish effective industrial relations.

The benefits of work assessment can be calculated using the following points:

1. Taking into account all the variables that are useful in deciding salaries and wages
2. Conservation of unity between the union and the administration
3. Standardizing the procedure for pay calculation
4. Compensating workers according to work criteria to prevent prejudice and encourage equity in the payment of salaries
5. Minimizing recruitment expenses. iii. Standardizing the procedure for pay calculation
6. Compensating workers according to work criteria to prevent prejudice and encourage equity in the payment of salaries
7. Minimizing recruitment expenses.

Following are the limitations of job evaluation:

* 1. A job evaluation also supports classes that are separate from those favored by the market. This is clear from Kerry and Fishers’ observations. They remember that, as opposed to the economy, the occupations that appear to rank high are those of janitor, nurse and typist, whereas craft rates are comparatively poor. Weaker communities are best served by an assessment strategy than by the market; the former stresses enquiry rather than coercion.
  2. There is a major gap between the factors and the factors highlighted in the industry.These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.
  3. While there are many methods of using the job assessment methodology, rapid developments in technology and in the availability and demand of specialized expertise have given rise to transition issues. They need to be checked.
  4. Higher rates of pay for such earlier-stage jobs than other jobs or the assessment of a higher level of work in the organizational hierarchy at a lower cost than

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other comparatively lower rates of work in the organizational hierarchy, often resulting in internal relations problems/and contributing to complaints among those working such jobs.

* 1. Employment conditions fluctuate as a result of improvements in industrial technologies, information networks, labor units and other factors. Therefore, the estimation of a worker today is carried out on the basis of job considerations and does not reflect the importance of the work time in the future. In other words, continued focus and regular appraisal of a job are critical.
  2. If task appraisal is implemented for the first time in any institution, the minds of people whose jobs are being tested build suspicions and sometimes fears. It can also undermine his present social and relational relationships.
  3. Implementation of a work assessment takes a long time, involves specialized professional staff, and can be expensive.
  4. If the job assessment results in significant improvements to the current pay system, the likelihood of introducing those changes within a comparatively brief period of time may be constrained by the budgetary constraints under which the business is expected to function.
  5. A significant number of workers are classified as jobs in the red circle. Some of

these may get more and others less than the rate measured by job assessment.

## Methods of Job Evaluation - Non Quantitative Methods

1. Non-quantitative or summary system that utilise non-quantitative methods of listing the jobs-
   1. Ranking System
   2. Grading or Job Classification System

### Method # 1. Ranking System:

All jobs are arranged or ranked in the order of their significance under this scheme, from the lowest to the highest or in the reverse order. Within the agency, the jobs can be classified or a cluster of jobs from multiple departments can be considered for ranking. For the ranking of various employees, job description can be used.

Example:

Rating of teaching jobs in a college (in the ascending order) such as Lecturer, Assistant Professor, Associate Professor, Professor, Senior Professor and Department Head or ranking of all teaching and administrative personnel positions in the college (peons, clerk, head clerk, assistant registrar, registrar and teaching staff).

A committee of raters performs the rating and about 10-20 key workers are classified and other jobs are contrasted with the key jobs. The ranked workers are categorized into classes of 8-12, tell. The same wage or salary range can be earned for all workers within a certain category. The Registrar and the Associate Professor can earn the same salary or fall into the same salary level, for example.

### Rating System Benefits:

The method is straightforward, simple to understand and easy to explain to the staff. This takes less effort, less preparation and is less expensive.

### Disadvantages:

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

### Method # 2. Job Classification or Grading:

A committee of raters decides a set of fixed ratings or classifications. The jobs are allocated to a class or grade. Jobs are classified into various groups or grades that reflect different pay levels following thorough job analysis. There is a comprehensive explanation for each grade/class, such that the staff is classified to a certain grade or class. The definition of the grade is based on many aspects, such as experience, independent study, intelligence, talents, temperament, leadership skills, capacity to make decisions, etc.

Example:

The jobs will be divided into six or eight levels or categories if there are five hundred employees holding various jobs, i.e., grades 1 to 6/8 arranged from high to low, along with grade details. Low-level jobs (Grade 8) include tedious and repetitive tasks, working under tight oversight.

The grading system is a progression over the ranking system and it is therefore based on the raters’ decision. When the number of workers increases, it is very hard to write grade details. In law, this system is used and less so in the industry.

## Methods of Job Evaluation - Quantitative Methods

Analytical or Quantitative System that use quantitative techniques in listing the jobs-

1. The Points System
2. The Factor Comparison System

### The Points System:

One of the commonly used job assessment plans is the Points System. The point method requires the description of a variety of factors and sub-factors of the work and also the degree to which these factors are present in the job. For any degree of each factor, points are allocated. To get total points, the number of points per each element is applied. An index of the relative value of the workers that are classified is given by the sum of these points. Based on the overall worth of each job, money sums are allocated to each of the jobs.

Example:

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One of the well-known job evaluation methods is the Hay Profile System, developed by Edward N Hay. The Hay methodology allows use of three primary variables, i.e. Know-how, potential for problem solving and responsibility for work role assessment.

### Advantages of Points System:

1. It is more systematic and objective than other systems.
2. It provides numerical basis for job classification and wage differentials.
3. Bias/favouritismminimised.
4. A large number of jobs can be evaluated and the jobs can be placed in distinct categories.
5. Once the factors, sub factors and points are developed, they can be used for a long time.
6. Acceptance is better than other systems.

### Limitations:

1. It is time-consuming and expensive process.
2. Employees find it difficult to understand the working of this method.

### Note:

Skill – Job factor, Education- Sub-job factor and the points are assigned as shown below-

College education- 40 points, High School- 32, Middle School- 24, Primary School- 16 and Read and Write- 8

### The Factor Comparison Method:

Here, certain primary positions are chosen by the analyst or committee for which job descriptions and pay scales are agreed on and appropriate to staff and management. Any job is rated several times, one for each of the selected job criteria.

Example- Each job is rated for the necessity of competence, then ranked for transparency, etc. For each job, these scores are then averaged to produce the average numerical ranking for each job.

### Check Your Understanding

1. The purpose of Job Evaluation is to determine
2. Job Evaluation tries to make a systematic comparison between
3. What is the basis of Job Evaluation?
4. The provides the essential information on which each job is evaluated.
5. A is a written record of the duties, responsibilities and conditions of the job.
6. What is the important objective of a job evaluation program?
7. Which of the following is not Job Evaluation Method?
   1. Factor comparison method
   2. Point method
   3. Ranking method
   4. Assessment method

### Summary

Job evaluation is the process to assess thnte relative value of a job in an organization by comparing it with other jobs within the organization and with job market outside. It attempts to make a methodical comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure. Major objectives of job evaluation is to establish logical & accurate relationship of each job to other jobs within organization, to regulate the wage rate for each job in relation to other job in the organization, to select employees accurately and train, promote or transfer them impartially, to encourage employee goodwill, strengthen morale and provide an incentive and to provide management with a basis for proper control.

### Activity

Conduct and Design a periodical review in the light of changes in environment from time to time keeping in mind:

* Identification of job for evaluation
* Gathering the relevant data
* Determination of job ranking
* Selection of benchmarks jobs
* Wages and Salary surveys
* Review and Feedbacks

### Glossary

* **Job Evaluation:** Job Evaluation is a standardized method in which the importance of one job is calculated in comparison to another operational job.
* **Ranking / Grading Method:** Under ranking method, jobs are organized in descending order of importance with the help of job description and job specification.
* **Factor Comparison / Weight-in-Money Method:** In this type of procedure, the jobs are ranked in the following way: Common key elements of different jobs are selected.
* **Point Rating Method:** In this method, each job is appraised separately, considering each of the job factors such as skill, effort, responsibility and working conditions and combining them into a single point score for each job.

### Questions and Exercises

1. In which of the following methods Jobs can be arranged according to the relative

difficulty in performing them?

1. The Ranking method is best suited for which organizations?

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1. In Factor-Comparison method, each factor is ascribed which parameter?
2. For what, the point method is suitable?
3. What are the objectives of Job evaluation?
4. What are the quantitative methods of job evaluation?

### Further Readings

* 1. https://[www.researchgate.net/publication/333716712\_JOB\_EVALUATION\_](http://www.researchgate.net/publication/333716712_JOB_EVALUATION_) WORKBOOK\_A\_Practical\_Guide\_to\_Job\_Evaluaion
  2. [https://www.scribd.com/doc/35877563/Job-Evaluation-Methods-PDF](http://www.scribd.com/doc/35877563/Job-Evaluation-Methods-PDF)

### Answers to Check Your Understanding

1. Worth of a job in relation to other jobs
2. Jobs
3. Job Analysis
4. Job Description
5. Job Description
6. Establishment of sound wage differentials between jobs, maintenance of consistent wage policy and installation of an effective means of wage control
7. Assessment Method

# Unit-4.2: Compensation

## Objectives

* To understand the concept of compensation
* To Explain Direct and Indirect Compensation
* To understand the components of compensation and pay-scale

## Introduction

In exchange for their contribution to the company, compensation is the remuneration earned from an employee. The administration of pay is an integrated practice that is essential for managing the relationship between employment and employers by supplying employees with monetary and non-monetary rewards. Compensation covers all kinds of pay provided to workers resulting from the work. Compensation optimization became one of the companies’ strapping characteristics and they used it to recruit and maintain the most significant and deserving properties. The management of compensation is considered a dynamic mechanism that requires consistency and precision and can lead to employee dissatisfaction if not adequately carried out. The staffs are inspired by an ideal pay policy to work faster and with greater commitment. It also encourages organisations to set the criteria for positions that are linked, practical and observable. There should be a sound integration of pay programs with HRM procedures. One of the main roles of every company’s salary administration is to create a heartfelt rivalry between workers to gain more productivity and provide its employees with growth opportunities (Khan, Aslam, Lodhi, 2011).

The compensation is a replacement term for wages and pensions and has recently appeared. The literature on wages and compensation is vast, but from a legal standpoint it considers the challenges. As a cost factor, however, salaries have now become very important (Bhattacharyya 2009).

It is listed as money and the other benefits that an employer offers to his employee for the supply of his services.

Compensation applies to any of some form of financial returns: employers receive substantive services and benefits as part of a working relationship that may be linked to job service to the employer, such as provident fund, gratuity, health plan and other rewards that the worker earns or the benefits that he receives because of such payment.

### Quotes by Some Famous Economists:

* “Compensation is paying people for work.”- Dale Yoder
* “The function compensation is defining as adequate and equitable remuneration of personnel for their contributions to the organizational objectives.”- Edwin B. Flippo
* “Compensation is what employees receive in exchange for their contribution to the organization.”- Keith Davis
* “Compensation includes direct cash payments, indirect payments in the form of

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employee benefits, and incentives to motivate employees to strive for higher levels of productivity.”- Wayne F. Cascio

## Compensation - the Concept

### Concept of Compensation

Compensation should be a systemic approach to supplying workers with prices in return for job completed. It is a mechanism used by managers for a number of reasons to advance the company’s life. It will be tailored in compliance with the company demands, priorities and resources available.

I) **Individual importance**- The value of employment is supposed to be identical to the company’s or competitors’ positions, but the value of the private citizen is to do the job and may differ in accordance with his/her ability/knowledge, experience, and more so his/her actions at work and with associates. The variations of such characteristics determine the individual’s worth.This definition may be a perception of the workers.

1. **Market Cost**- Human resource is taken into account as an advantage to the group. The company’s investment in this commodity in terms of ability, experience or knowledge may be an expense to the company, and thus the employer’s aim is to increase consciousness among workers that through its consistent and continuous success it needs to ensure return on this investment.
2. Flexible Compensation Package compensation arrangement allows employers with a variety of incentives to select from in order to schedule the tax and also the flexibility to choose to get full benefits.

## Compensation Management

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

“The term compensation represents the trade between employees and company, each giving something in return for something else. In the past, wage problems were mostly private and controlled by the priorities and choices of each employer. However, wage practices are more open in today’s dynamic environment and employers draw their own decisions depending on the compensation plan. Balancing the cost of salaries and attracting workers has since become the organization’s most critical priority.” (Bhattacharyya 2009).

By offering broad and competitive incentive programs within the business budget, compensation administrators seek to recruit, maintain, and engage workers.

A successful onboarding procedure is reminiscent of boarding an airplane. You’re welcomed at the beginning of an adventure by someone who’s glad to have you. They help you find your seat and get acclimatized so that you can easily fly and get safely to your destination.

While there is simulated remote onboarding, the procedure is inherently the same as face-to-face onboarding.

on:

Compensation management ensures that employees get paid a fair salary based

* Work performance
* Position
* Responsibilities
* Experience
* Job market
* Company budget

Compensation is referred to as compensation and other incentives that an

**Notes**

employee gets by supplying his employer with services.

Compensation applies to all types of financial returns: employees receive tangible services and benefits as part of a working relationship that may be correlated with job service to the employer, such as provident fund, gratuity, insurance plan, and all other reward earned or benefits received by the employee regardless of that payment.

*“Compensation is paying individuals for work,”*

*Dale Yoder–*

*“Compensation is what workers receive in return for their contribution to the com- pany.”*

*Keith Davis–*

*The role compensation is described as appropriate and equal remuneration of workers for their contributions to the organizational goals”*

*Edwin B. Flippo.–*

As follows, Cascio has specified compensation;

Compensation involves direct compensation in cash, indirect payments in the form of employee insurance, and bonuses to enable workers to pursue higher productivity levels.’

Wage and pay administration has been described by Beach as follows;

Wage and pay ‘administration relates to the development and application of sound work benefits programs and procedures.

It encompasses fields such as work valuation, wage and benefit surveys, review of applicable operational issues, wage system creation and maintenance, guidelines for wage management, wage payments, benefits, profit-sharing, wage increases and modifications, supplemental payments, compensation expense containment and other related items.

Compensation can be in kind or in the form of currency. Compensation may be defined as cash earned in the performance of works, plus the many kinds of incentives and services offered to their employees by organizations.

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### Different Types of Compensation

There are different types of compensation. Schuler identified three major types of compensation, which are mentioned below;

Non-monetary Compensation:

* + Direct Compensation
  + Indirect Compensation

### Non-monetary Compensation

It implies any profit earned from an employer from an individual or a work that does not require monetary value. Examples are prospects for career growth and progress, opportunities for recognition, as well as the job environment and situations.

### Direct Compensation

Direct compensation consists of the wages and all insurance services that are paid to the workers.

Money for direct compensation is used. That is the basic income of an employee, which may be an average salary or hourly wage plus any performance-based pay earned by an employee.

Direct compensation, consisting of pay earned at frequent and constant periods, in the form of wages, pensions, promotions, and commissions.

That includes basic wages, compensation for house rent, medical insurance, city allowances, transfers, government grants, etc. It also entails incentives, holiday payments, etc.

### Indirect Compensation

It is possible to think about indirect incentives as the non-monetary rewards that an individual receives from the company.

Which covers everything from public welfare services such as social security that are system developed to health benefits, retirement programs, paid leave, healthcare, or moving costs.

While benefits fall under indirect compensation which which consist of life, accident, health insurance, retirement fund from the workplace, holiday pay, the employer’s necessary payment as social security for employee welfare.

Rewards and rewards, bonuses, transparency, etc., are some aspects that induce employee trust and inspire workers to do well. It also instills the confidence in them that their good work is being noticed, and if they want to work harder, they will improve their career chances.

* + 1. **Issues in Compensation Management**

When they design incentive systems to hire and retain skilled workers, small- business owners must solve a number of challenges. For one, how much you are paying, the value of your insurance, how high the bonus is, whether you have been

promoted and how you have been rewarded for going “above and beyond” are personal concerns that any employee cares about.

Management of benefits is more about giving a salary and rises in living expenses. Employee success according to corporate targets acts as the basis for incentives in many organisations.

Human resources teams face problems in the successful administration of benefits, whether triggered by economic hardships, improvements in technology or other market conditions.

### Pay Types

Employee pay starts with a cash base and bonus pay, but can also include aspects of rewards that are not cash. It is always more difficult for workers to understand the valuation of non-cash rewards, but it provides the organization’s best potential for innovation.

### Underlying Pay Philosophy

“Based on some fundamental philosophy about jobs and the people who do them, all organizations pay,” says KP Kanchana, a professor at CFAI National College in Bhopal, India. Compensation programs must take into account and respect the work of both those who provide the company with internal resources and those who have a direct effect on financial performance. The incentive policy of a company will determine the pace and timing of wage raises, which positions are eligible for incentives, and the degree of competition with equivalent organizations.

### Employee Incentives and Compensation

Pay-for-performance has become increasingly popular. Companies use compensation to reward and boost the morale of high-performing employees, but also to motivate underachievers.

### Presentation of Compensation

If the aim was to provide good news, how a boss communicates about pay may unintentionally produce ill will. When speaking with workers, it is important to use details rather than categorize any wage rise as “good”, “significant” or any other qualifier. Compensation perceptions of workers are based on individual beliefs, needs and aspirations.

### Offering Competitive Pay

Businesses wishing to compete for the best of the available talent pool must offer a competitive compensation program compared to other companies within their industry and at large.

### Automation and Outsourcing

Automating compensation, including outsourcing such compensation tasks, helps organizations in the enterprise to standardize their system, remove paperwork, and assist departments to collaborate more efficiently. This minimizes payroll mistakes

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and makes it possible for results dependent on quantifiable metrics to be rewarded. To benchmark employment and interview employees, organisations can also use technologies.

### Generational Differences in Expectations

People live longer and, therefore, work longer. Max Reibolt of The Coker Organization observed a disparity between work ethic and anticipated pay that fell along generational lines in a look at physician compensation. In exchange for their wages, older employees were more likely to work longer hours, while younger workers required high standards of pay even though their productivity was supported by technology.

### Multinational Business Operations

The desires and aspirations of staff from diverse nations must be balanced by multinational companies. Compensation must balance compliance against multinational corporate policy with local laws and customs.

### Controlling Labor Costs

Labor expenses also represent the biggest line in the budget of a company. Firms are faced with a flat, if not shrinking, pool of funds in a tight economy. Taking into account recruiting, preparation, attrition, technology and overhead, and the effect of these things on efficiency, labour costs are higher than the amount paid to employees.

* + 1. **Components of Compensation System**

Compensation is the mixture of pay, bonuses and benefits that employers earn in return for doing a certain job for them. Combined with bonus bonuses, insurance, and rewards, these may include an annual compensation or hourly income. Community health care benefits, retirement contributions, and short-term disability insurance could contain these. Several of these elements typically provide a complete benefit plan.

Employee pay is one of human resource management’s most strategic and important functions.

As part of a system of all the cumulative incentives that managers provide to workers, it begins to grow. Components of pay are aspects of employee remuneration. Average jobs in the organized industry are typically entitled to varying benefits.

Compensation is a financial payout made to the worker in exchange for the contribution he/she provides to the company. Compensation can include a base wage as well as aspects of contingent pay. The most common form of pay provided to employees is salaries and wages.

Some of the components of employee compensation are:-

* + - 1. Base Pay Structure
      2. Variable Pay Programs
      3. Benefits
      4. Rewards & Recognition
      5. Dearness Allowance
      6. House Rent Allowance
      7. Other Allowances
      8. Incentives
      9. Fringe Benefits/Perquisites
      10. Wages and Salary
      11. Non-Monetary Benefits.

### Understanding Different Components

To understand the components of compensation and compensation methods, it is important to understand the laws of the land and tax policy. Organizations often pay for the work done (job) and fewer for the people, the center of salary decision is job. Each corporation would have its own way of identifying employment and deciding the hierarchy of employment.

The components of work, however, would look like:

1. (Fixed component) Base Pay Structure;
2. Programs for Variable Pay;
3. Advantages;
4. Rewards & Acknowledgment.

### Component # 1. Base Pay Structure (Fixed Component)

The annual fixed payments made to workers are bonuses and wages. Salaries are usually charged on an annual basis to permanent jobs, while salaries are paid on a regular basis to temporary or contract workers.

The fixed variable is Base Pay which usually consists of the following:

* 1. Basic Component:

Usually, 40 percent of the base pay is general, while the majority of the base pay comes into separate divisions. The tax laws of the land control this breakage. In India, for example, if anything is offered to an employee in the basic form, the whole will be taxable, while such tax deductions can be obtained if the base salary is split into sub- components such as HRA.

* 1. HRA (House Rent Allowance):

It is calculated as a basic percentage. The government fixes HRA caps and they are universally applicable. However, if a corporation chooses to spend more than the amount agreed by the company, the surplus will be charged, as is the general principle. If a business pays the HRA part, it must receive rent-paid (rent receipts) evidence from the employee.

* 1. DA (Dearness Allowance):

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It is measured as a simple percentage. The payment of the dearness grant encourages the price rise or inflation of the costs of goods and services for employers and employees to face. The onslaught of price inflation has a huge effect on the living standards of the workforce.

The rates decrease the compensation to zero and the amount of the money falls depending on the degree of inflation. The provision of a debt allowance, which can be a fixed percentage of the basic income, helps employers to face rising costs.

* 1. Leave Travel Allowance:

Leave Travel allowance or LTA is paid by certain companies. However, again proofs of travel expenses must be collected by the company from the employees.

* 1. Mobile Expenses
  2. Medical Allowance/Reimbursements, etc.

### Component # 2. Variable Pay Programs:

Variable pay programs are generally classified differently for sales and non-sales.

1. Variable Pay Plans for Sales:

A pay-mix that could be a 70-30 or 60-40 or 50-50 package is a flexible pay plan for revenue. The 30, 40 or 50 here represent the variable part of the salary which is connected to the objectives. Targets may be product-focused or based on new market development, territory-based, revenue-based, and profitability-based.

However, a linear scale is not necessarily accompanied by payment for the variable part. The target is potentially USD 100 million in sales. It is likely that there will not be any flexible compensation until USD 50 million.

If the person hits USD 75 million (threshold level), then when he/she reaches USD 100 million in revenue, he/she will get 50 percent of the variable portion rising up to 100 percent of the variable portion.

Variable pay contracts do not come with an upper limit, i.e., will he get more than the package as variable pay if the same guy reaches USD1 100 million sales? The response is yes! Generally, up to 70 percent or 80 percent variable compensation is made for a person in a 50-50 plan.

1. Variable Pay Plans for Non-Sales:

These compensation arrangements are for employers who are either those who need benefits to support their jobs or those whose efficiency can be increased by providing them with rewards such as health plans, credit cards, investment funds, etc. The component portion is usually smaller in non-sales than in the case of sales.

The variable wage is dependent on occupations and work levels. Often those programs may be covered under company-wide policies, and under employee efficiency, functional performance (i.e. performance of the position under which that employee works) and organizational performance, the entire variable element can be split.

The various variable-pay components very briefly have been discussed below:

### Bonus:

Bonuses are usually post-facto. The incentive can be paid in multiple ways. The ratio can be fixed on the minimum wages charged yearly or in proportion to profitability. A minimum contractual bonus for both staff and employees is also prescribed by the government.

There is also an incentive package based on the sales income or gross margin obtained, which compensates supervisors and workers. Bonus programs may also be focused on worker compensation, but rely on labor efficiency.

### Commissions:

Commissions can be dependent on the company’s sales income or profits to managers and employees. It is always a set percentage on the reached goal. Once again, for tax purposes, commission is a taxable portion of compensation. In target driven transactions, the charging of commission as a part of commission is practiced extensively. Companies can pay a commission on a monthly or periodic basis, depending on the objectives reached.

### Mixed Plans:

Companies can also pay a mixture of pay as well as commissions to staff and others. This strategy is called a mixed plan or a hybrid plan. In addition to the wages charged, workers may be eligible for a set amount of revenue upon completion of a fixed revenue or benefit target or output target. This practice is being practiced by much of the private sector today. This is also known as the variable compensation element.

### Incentives:

Incentives are well defined, goal-related and prompt. In production salaries, part rate salaries are predominant. For any of the amounts produced by them, the laborers are paying salaries. The gross labor benefit will be equal to the amount of items generated by them.

Piece rate salaries maximize competitiveness and are an absolute indicator of pay system productivity. The fairness of pay is based solely on efficiency rather than on any arbitrary aspect. Examples of part rate pay and the associated implications are the CANTT productivity strategy and Taylor’s wage schedule.

### Sign on Bonuses:

The most recent development in the preparation of benefits is the new employee’s lump sum incentive. As a bonus, a person who agrees the bid is paid a lump sum. While this practice is not common in most sectors, sign-on incentives are charged by stock research and investment banking firms to retain scarce talent.

### Profit Sharing Payments:

Profit sharing is again a novel concept nowadays. This can be paid through payment of cash or through ESOPS. The structuring of wages may be done in such a way that, it attracts competitiveness and improved productivity.

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### Stock Options:

Employees are issued equity options for two key reasons, one to provide long- term employee interest and the other to connect individual success to corporate performance.

Stock options will usually be issued in three categories:

1. ESOPs or Employee Stock Options;
2. RSUs or Restricted Stock Units;
3. ESPP or Employee Stock Purchase Plans.

### ESOPs or Employee Stock Options:

If an employee is given ESOPS in the following way-’A ‘, 2000 stocks of Rs.100 are given to an employee (Grant price). After 2 years, he is permitted to sell 50 percent of the stocks and the remainder of the stocks after another 2 years. After two years, let’s assume the stock price is Rs.110/— (vested price).

Then the worker just gets 1000 x 10 = 10000/- rupees. If the stock price falls below 100/- rupees in such a situation, so the employee gets none. When stock markets were continually rising, ESOPs performed well. However, the importance of ESOPs diminished as share prices began to plummet.

### RSUs or Restricted Stock Units:

These vary from ESOPs. It is assumed to be of zero value when stocks are issued to employees. So, whatever the stock price, the worker ends up earning some cash. Taking the earlier scenario forward, if the stock price is Rs.90/- after two years, then the employee already gets 90000/- rupees to exchange his options.

### ESPP or Employee Stock Purchase Plans:

This is more like a benefit. When the company is doing well then it gives option to employees to purchase shares on some discount.

### Component # 3. Benefits:

The benefits may be those that are constitutionally required or those that are ‘good-to-have’ for a competitive edge. Benefits may be monetary or non-monetary, long-term or short-term, free or at concessional rates, and may include services for school, lodging, medical or leisure use, given personally or jointly, within or outside the premises of the organization.

In a sincere concern for the workers, the benefits should still be given and thus:

1. The bulk of the incentives should be broad-based and should extend equally to all staff; and
2. It must be structured to take account of the real value it offers to the employees.

This meant that the rest of the workforce did not gain this advantage. The organization marginally tweaked the bonus to now include the parents of the employee. This considerably improved the importance of the advantage.

Companies are gradually taking workers to a ‘total compensation view’ that require the shared analysis of base wages, discretionary salaries, workplace opportunities and work-life balance. Withstanding this, due to the current difficult economic conditions, the advantages that an organization offers to its workers have remained threadbare or marginal. There is, moreover, room for the revival of benefits in the future.

### Check Your Understanding

1. The collection of data consisting compensation rates of all the workers, who perform

similar jobs in other organizations are classified as

1. The basic compensations given to employees as salaries or wages are called

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1. According to total rewards approach, the variable pay of the employee is
2. The systematic way of determining the worth of all the jobs within any organization is called
3. The employee who is paid more than the specified range for the job is classified as

### Summary

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing an organizational task. The consideration for which labor is exchanged is called compensation. Compensation is what employees receive in exchange for their work.

Compensation refers to all forms of financial returns: tangible services and benefits employees receive as part an employment relationship, which may be associated with employee’s service to the employer like provident fund, gratuity, insurance scheme and any other payment which the employee receives or benefits he enjoys in lieu of such payment.

### Activity

An employee is to offer ESOPs, do an analysis of his compensation and review his salary structure to offer how many ESOPs and on what basis organization should offer him/her the ESOPs.

### Glossary

* Direct compensation comprises of the salary that is paid to the employees along with the other health benefits.
* Indirect compensation can be thought of as the non¬monetary benefits an employee gets from the organization.
* **ESOPs:** An employee stock ownership plan (ESOP) is an employee benefit plan that gives workers ownership interest in the company. ESOPs give the sponsoring company, the selling shareholder, and participants receive various tax benefits, making them qualified plans.

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### Questions and Exercises

1. The employees to whom overtime must be paid according to FLS act are classifiedon

what basis, considering the non-exempt status of employees?

1. What is the ratio in which the pay level is divided by the pay range midpoint?
2. Define ESOPs, RSUs and ESPP.
3. What are the factors must be considered to price the jobs in any organization?
4. The analysis of job such as job specification and job description leads to what things?

### Further Readings

* 1. <http://www.eiilmuniversity.co.in/downloads/Compensation-Management.pdf>
  2. [https://www.researchgate.net/publication/259786503\_Compensation\_](http://www.researchgate.net/publication/259786503_Compensation_) Management\_A\_theoretical\_preview-

### Answers to Check Your Understanding

1. Pay Survey
2. Base Pay
3. Added into base pay
4. Job Evaluation
5. Red circle employee

# Unit-4.3: Designing and Administration of Wage and Salary Structure

## Objectives

* To understand the concept of wages and salary structure
* To know the factors affecting the wages
* To explain the Methods of Wage Payment

## Introduction

The administration of wages and salaries is characterized as the mechanism by which pay and salary standards and arrangements in organizational environments are decided. Wages are frequency-based fees for labour services, expressed in hourly rates, while wages are equivalent payments, expressed in weekly, monthly or annual rates. Therefore, in terms of the amount of hours working, the word ‘wage’ also means payments and can fluctuate based on the hours currently worked.

## Objectives of Wage & Salary Administration

The key aim of the administration of wages and salaries is to create and sustain an equal structure of wages and salaries. This is because only a well designed compensation structure helps a company in the enterprise to recruit, obtain, maintain and inspire persons of the appropriate quality and qualification. From the standpoint of the company, its individual workers, and individually, these priorities should be seen in a more orderly way. It is summarized and subsequently addressed:

### Organisational Objectives:

The compensation system should be duly aligned with the organisational need and should also be flexible enough to modification in response to change.

Accordingly, the objectives of system should be to:

* + - 1. Enable an organisation to have the quantity and quality of staff it requires.
      2. Retain the employees in the organisation.
      3. Motivate employees for good performance for further improvement in performance.
      4. Maintain equity and fairness in compensation for similar jobs.
      5. Achieve flexibility in the system to accommodate organisational changes as

and when these take place.

* + - 1. Make the system cost-effective.

### Individual Objectives:

From individual employee’s point of view, the compensation system should have the following objectives:

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1. Ensures a fair compensation.
2. Provides compensation according to employee’s worth.
3. Avoids the chances of favouritism from creeping in when wage rates are assigned.
4. Enhances employee morale and motivation.

### Collective Objectives:

These objectives include:

1. Compensation in ahead of inflation.
2. Matching with market rates.
3. Increase in compensation reflecting increase in the prosperity of the company.
4. Compensation system free from management discretion.

### Beach has listed the five objectives of wage and salary administration:

1. To recruit persons for a firm
2. To control pay-rolls
3. To satisfy people, reduce the incidence of turnover, grievances, and frictions.
4. To motivate people to perform better
5. To maintain a good public image.
   * 1. **Essentials of Sound Wage & Salary Structure**

Employers typically use a salary structure to lay out the range of salaries, from lowest to maximum, aligned with and grade or band of salary. Employers should use a pay system by associating each job with a grade or band to better control salaries in an optimal manner.

### Essential Components of Wage&Salary Structure

It broadly comprises of two components:

### Fixed Components:

These components are independent of an individual’s or company’s performance and are as follows:

* Basic Pay: Employee shall be entitled for a definite basic pay which shall be continuous for a year. Basic of an employee is reliant on their designation, grade, years of experience and performance.
* Fixed Allowance: This is a fixed element i.e.; it is constant for a year and is distinct at a fixed percentage for basic. Its share is dependent on the grade of the employee however it is independent of the employee’s performance.
* House Rent Allowance: This is calculated as a percentage of the Basic Pay and shall be reliant on the type of city. This component is independent of the

designation, grade or performance of the employee. Cities are divided into three categories based on their population and cost of living index.

* Pension contribution as per the New Pension Scheme: The Company has approved National Pension Scheme for pension liability of the Company Cadre employees. As per the mandate the business house will be contributing 10% of current month’s basic pay every month towards NPS to the designated Trustee Bank.

Conveyance Allowance: Conveyance allowance shall be fixed for the employees at the following rates:

|  |  |
| --- | --- |
| **Grade** | **Conveyance Allowance** |
| S1- S6 | 150 |
| E1A, E1B | 250 |
| E2A, E2B | 400 |
| E3A and above | 800 |

### Variable Components:

Variable is another essential and major component of the wage structure. These components are dependent on Individual’s and Company’s performance and are as follows:

* Employee Variable: Its dependents on employee’s grade and performance. This element shall be governed mainly by the employee’s performance. Variable share of total basic shall be dependent on the employee’s grade and it shall start from 23% of total salary for JE and goes to as high as 46% for Executive Directors.
* Company Variable: It can be clearly observed that the variable component varies within a range of 24% of basic for the staff units and as high as 100% of basic in the executive cadres. This inconsistency has been inbuilt into the wage structure keeping in view the degree of responsibility of that specific grade towards the overall company’s performance.

### Internal Equity

Job Evaluations- Job Evaluations are systematic procedures use to determine the relative worth of jobs.

Each approach to job evaluation considers the responsibilities ,skills, efforts,and the working conditions of the job .

The most common methods of job evaluation are :job ranking, job grading,factor comparison ,and the point system .

Job Ranking – The ranking method requires a committee typically composed of both management and employee representatives to arrange jobs in a simple rank order,from highest to lowest.No attempt is made to break the jobs down by specific weighted criteria .

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Job Grading-It is slightly more sophisticated method than job ranking ,through still not very precise.

In this method each job is assigned a grade or class.These classifications are tcreated by identifying some common denominator skills ,knowledge,responsibilities- with the desired goal being the creation of a number of distinct classes or grades of jobs

.Examples might include shop jobs ,clearical jobs,and so on ,depending on the type of jobs the organization requires .

Once the classification are established ,they are ranked in an overall arder of importance according to the criteria chosen ,and each job is placed in its appropriate classification .

Fctor Comparison –It requires the job evaluation committee to compare critical or compensable job components .The compensable components are those factors common to all the jobs being evaluated –such as responsibility skill, mental effort

,physical effort,and working conditions.

Each factor is compared ,one at a time ,with the same factor for other key jobs

.This evaluation allows the committee to determine the relative impoertance of each job

,The factor comparison method involves the following five steps:

1. Determine the compensable factors
2. Determine key jobs
3. Apportion present wages for key jobs
4. Place key jobs on a factor comparison chart
5. Evaluate other jobs

Point System –It is used more than any other method.This system evaluates the compensable factors of each job. Instead of using wages rates, as the factor comparison method does, it uses points.

In external competitiveness, (the second pay policy) comparisons are made outside the organization – comparisons with other employers that hire the same kinds of employees.

External competitiveness is expressed in practice by (1) setting a pay level that is above, below, or equal to that of competitors, and (2) determining the mix of pay forms relative to those of competitors.

External competitiveness refers to the pay relationships among organizations – the organization’s pay relative to its competitors.

Pay level refers to the average of the array of rates paid by an employer: (base + bonuses + benefits + options) number of employees

Pay forms are the various types of payments, or pay mix, that make up total compensation.

Both pay level and pay mix focus on two objectives: (1) control costs, and (2) attract and retain employees.

### Control Costs

The higher the pay level, the higher the labor costs:

Labor costs = pay level x number of employees

The higher the pay level relative to what competitors pay, the greater the relative costs to provide similar products or services. So you might think that all organizations would pay the same job the same rate. However, they do not.

### Attract and Retain Employees

Different employers set different pay levels. They deliberately choose to pay above or below what others are paying for the same work. Not only do the rates paid for similar jobs vary among employers, but a single company may set a different pay level for different job families. Exhibit 7.1 illustrates this point. However, when total compensation (bonuses, stock options, and benefits) is looked at, the pay rate for the position might be further below or actually above the market rate. For example, an engineer is 2% below the market rate when only his base wage is observed. But when total compensation is taken into consideration, he might be 30% below the market rate.

Built in Incentive-Also called ‘payment of results ‘,incentives are paid in addition to wages and salaries .Incentives depend upon productivity ,sales ,profit, or cost reduction efforts .

There are (i) Individual incentive schemes,and (ii)group incentive programmes. Individual incentives are applicable to specific employee performance.Where a given task depends group effort for completion ,incentives are paid to the group as a whole

.The amount is later divided among group members on ana equitable basis.

### Link with Productivity

Productivity refers to the physical relationship between the quantity produced (output) and the quantity of resources used in the course of production (input).

“It is the ratio between the output of goods and services and the input of resources consumed in the process of production.”

Employers enter the labor market because they need workers to produce goods and services. Assuming the labor market is “competitive,” firms take the market wage as a given, operating under the assumption that they cannot influence it. They hire workers up to the point at which the additional revenue generated by hiring an additional worker is equal to the wage rate (i.e., the additional cost of employing that worker).

In this simple model, the higher the wage, the greater the number of workers who want to work; the lower the wage, the greater the number of workers firms want to hire. The labor market reconciles these conflicting wants by settling at an “equilibrium” wage rate—a wage rate such that everyone who wants to work (at the equilibrium wage) finds a job, and every firm that wants to hire workers (again, at the equilibrium wage) finds all the workers it wants. At the equilibrium wage, the labor market clears: labor supply (the number of workers who want to work) equals labor demand (the number of workers

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firms want to hire). A wage rate above the equilibrium wage would result in too many workers seeking too few jobs; a wage rate below would result in the opposite.

Maintain Real Wages –

Nominal wages are the money wages paid to labour in a given period of time. Real wages are nominal wages, adjusted to take into account changes in the price level. Most workers expect at least an annual increase in their money wages to reflect price increases, and so maintain their real wages.

The wage-price spiral refers to the strong mutual link and between wage growth and inflation.

* Rising wages invariably put upward pressure on prices and inflation.
* High inflation creates upward pressure on wages as workers seek to gain an increase in wages to meet the rising prices and maintain living standards.

If workers see an increase in the inflation rate, then that means the cost of living will be rising. In order to maintain their real income, they will demand wage increases above the current rate of inflation. As wages rise, this contributes to higher inflation for two reasons:

1. Firm’s costs rise and this encourages them to pass the cost increase onto consumers in the form of higher prices.
2. Workers see a rise in nominal income and so have more spending power. This

will lead to an increase in consumer spending and demand-pull inflation.

If the inflation rate continues to rise, workers will begin to expect ever-higher rates of inflation, and therefore, will want to negotiate a larger wage increase – because of fears over future inflation. This means each year there is an incentive to demand higher nominal wage growth. Therefore, there is a continued increase in inflationary pressure.

### Factors that contribute to a wage-price spiral

* Powerful trade unions. If trade unions are in a position of strength to bargain for higher wages, then we are more likely to see real increases in wages and upward pressure on inflation
* Strong economy. If economic growth is rapid, then demand-pull factors will put upward pressure on prices and contribute to inflation.
* Low unemployment. If the economy is near full employment, then firms may have difficulty filling vacancies, this gives workers more clout to demand higher wages and cause a wage-price spiral.

### Increments

The word increment means an increase in something. A salary increment is simply an increase in your salary -- a pay raise. A salary is usually stated as an annual amount. For example, you might be hired at a salary of $25,000 per year. Salary increments are also stated as annual sums. Thus, you might get a salary increment of $4,000 per year. Keep in mind that a salary increment increases your base salary. Bonuses or other compensation are not considered salary increments.

* + 1. **Factors Affecting Wages**

Wages can be defined as an amount of money paid by the contractor to the workers for the provision of services according to a contract.

Under the 1948 Minimum Wages Act, wages are to be interpreted as any remuneration capable of being conveyed in terms of money which, if the terms of the employment contract had been met, would have been payable to a person working in respect of his or her employment or work undertaken in that employment.

### Wages Affecting Factors:

It is very difficult to establish a reasonable and appropriate salary for a specific work. Wages can be set in such a manner that both staff and managers are considered to be acceptable.

Some of the factors which influence the wage rates are:

* + - 1. Demand and Supply of Labor.
      2. Ability to Pay.
      3. Nature of Job.
      4. Working Hours.
      5. Comparative Wage Levels.
      6. Cost of Living.
      7. Type of Employment.

### Demand and Supply of Labor:

One of the important variables influencing wage rates is demand and availability. If the number of jobs needed is greater than the supply of workers, higher wage wages would be charged to employees and vice versa.2. Legal Provisions:

Cretin laws/acts were made by the government to set minimum pay for workers, such as the 1948 Minimum Wages Act. The employer shall pay minimum wages to the staff, pursuant to this act. If the law of that act is not enforced by any employer, an action may be brought against him.

### Ability to Pay:

Payment of salaries often focuses on a company’s willingness to pay. A business that goes into deficits would not be able to pay more than minimum salaries, and a company that makes money can give staff a percentage of the gains.

### Nature of Job:

Wages often depend on the ability of the worker and the working conditions. Some jobs can be performed by trained workers, and some jobs can be done by unskilled staff. Working environments can be stable or unsafe. So salaries depending on the skill and living conditions of the worker, may be high or poor.

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### Working Hours:

Wages also depends upon the number of hours worked per day and the number of holidays.

### Comparative Wage Levels:

Wage rates also depend upon the wages paid in competitive firms for the same type of work. Wages are therefore fixed after conducting wage surveys.

### Cost of Living:

Cost of living also determines the wage rates. Wages should be such which satisfies the minimum needs of workers.

### Type of Employment:

Wages depends upon the type of employment i.e. regular employment or contractual employment. A regular and permanent job provides security of service.

* + 1. **Methods of Wage Payment - Time Wage System**

This is the oldest wage payment form. “Time” is the basis for calculating employee pay. In this program, salaries are compensated according to the hours invested by employees, regardless of their job results. Salary rates are set for an hour, a day, a week, a month, or even a year (seldom used).

A wage rate of Rs. 70 per day is, for example, set in an industrial unit. Two A and B staff are working for 28 and 16 days, respectively. Rs. 1960 and 1120 for A and B respectively would be the salary as per the time pay structure. The weight age of the quantity of items manufactured by the workers is not given by this form of wage payment.

The manager will ensure that staff does not waste their time and the quality of product is therefore protected. There are no tough and easy laws to address pay prices. These will be determined on the basis of the amount of the former higher positions, higher wages will be charged, and vice versa.

In the phase, salaries are determined as follows:

Earnings = T x R where T stands for time spent and R is rate of pay.

### Suitability:

Time wage system is suitable under following situations:

1. When productivity of an employee cannot be measured precisely.
2. Where quality of products is more important than the quantity produced.
3. Where individual employees do not have any control over production.
4. Where close supervision of work is possible.
5. Where work delays are frequent and beyond the control of workers.

### Advantages:

1. Simplicity:

The wage pays system is quite simple. In estimating the pay, the workers would not find any trouble. His wages would be measured by the time spent by a person compounded by the cost.

1. Security:

Workers have minimum salaries promised for the hours they spend. There is no connection between salaries and productivity, irrespective of output, wages are paid. They are not expected to complete complex assignments to get their salaries. At the completion of a given amount of time spent employed, they are certain to set certain wages.

1. Better Quality of Products:

Once employees are assured of compensation on a timely basis, the quality of goods will be increased. If wages are connected to demand, so employees will think about increasing productivity without thinking about the quality of products.

Workers will focus on delivering higher quality products in this process. In such cases, only the time-wage scheme is acceptable. If any items of creative quality are made, then this approach would be most suitable.

1. Support of Unions:

This approach is appropriate to labor unions because, on the basis of their results, it does not differentiate between workers. Trade unions are usually opposed to any method that gives separate pay prices or incomes depending on production.

1. Beneficial for Beginners:

Wage rate system is good for the beginners because they may not be able to reach particular level of production on entering employment.

1. Less, Wastages:

The workers will not be in a hurry to push through production. The materials and equipment’s will be properly handled leading to less wastage.

### Limitations:

Time wage system suffers from the following drawbacks:

1. No Incentive for efficiency:

This approach does not discriminate between successful and ineffective staff. Time and not production are related to the payment of salaries. The technique therefore offers little opportunity for further output.

Effective employees can begin to obey inefficient individuals when pay scales are the same. The pay prices set by this approach are often low since they are fixed by taking the output of the dullest workers into account. Therefore, this strategy would not offer rewards for production.

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1. Wastage of time:

Workers may waste their time because they’re not going to meet a production target. Slow workers can often be led by productive workers so there is no difference between them. This can result in time being wasted.

1. Low production:

Because wages are not linked to productivity, the rate of production must be low. Most of the blame for increasing performance can lie with supervisors. Overhead costs per unit would increase due to poor demand, leading to higher manufacturing costs.

1. Difficulty to determine labour cost:

Since salaries are not related to productivity, it is impossible for workers to quantify labor costs per unit. The performance will vary from time to time, although salaries will be nearly constant. In the absence of a relationship between wages and salaries and output, production planning and management would be challenging.

1. Difficult supervision work:

Workers are not given bonuses for productivity under this scheme. There would be a need for more oversight in order to bring more staff from them. More monitoring could also be needed to ensure the correct quality of products. The expense of supervision in the wage market goes up to a considerable degree.

1. Employer-employee trouble:

If all jobs are handled fairly, regardless of their value, there is likely to be a problem between management and employees. Those staff who are not happy with this approach can begin to disobey the order of their supervisors.

## Methods of Wage Payment - Piece Wage System

Wages are dependent on production and not on time under the part payment scheme. The time required to complete a job is not taken into account. For any unit generated, work done or an operation conducted, a set rate is charged. In this wage distribution scheme, employees are not given living salaries.

Piece wage system is based on the amount of work performed, i.e., on the basis of output or productivity and not on the base of time spent. Piece work is one of the simplest and most commonly used of all incentive plans. The standard is representedas certain sum of money for each unit produced, such as Rs.3/- per piece or Rs.6/- per kilo or Rs.12/- per dozen.

The profits of the employee are directly proportional to his out-put or performance. This is called a 1 for 1 plan for each 1 per cent increment in production the worker is paid a 1 per cent increase in wages.

It is possible to calculate the wageto be paid to a worker as follows: Quantity produced = output x piece rate

For the measurement of wages, the sum created by a worker would be multiplied by the average per unit. In order to offer incentives for employees to deliver more,

an equal part rate should be set. For separate employment, different part rates will be calculated. When fixing part prices, considerations such as efforts involved, circumstances in which work is to be done, risk involved, etc. should also be taken into consideration.

From time to time, the piece rate should be checked. These can be connected to the price index such that a minimum standard of real income can be earned by workers. When rivals do so, component prices can then be changed, or there will be a discontent between employees who they may want to shift in the unit/enterprise.

### Advantages:

The piece rate system has the following advantages:

* + - 1. Wages linked to efforts:

Wages are proportional to the performance of a worker under the piece pay structure. The higher the production, the greater the pay. Staff will try to bring more and more work into increasing productivity because their incomes are going to increase.

* + - 1. Increase in production:

When salary is paid according to the piece rate structure, productivity goes up. Workers will be empowered to increase productivity and they will also increase their salary. Of all workers and bosses, this scheme is equitable. In order to maximize their productivity and thus incomes, productive employees would strive to practice the limit.

* + - 1. Better utilization of equipment/machines:

The appliances and other devices are put to full use. Staff may not want the machines to be left idle. The use of computers would therefore be systemic and the workers should be negatively impacted by any malfunction in them. Thus, greater use of the computer would have better performance.

* + - 1. Distinction between Efficient and Inefficient:

As in the time wage system, fair representation in the piece wage system is not provided to effective and efficient employees. Because of their better outcomes, productive workers would get more. Due to low demand, inefficient jobs, on the other hand, would get less. This approach offers productive employees ample motivation or produces improved performance.

* + - 1. Less supervision required:

Because wages are dependent on production, there would be no waste of time for staff. Regardless of oversight, they will continue to work. On the part of staff, there will be more and more cooperative activities and the need for oversight is reduced to a minimum.

* + - 1. Effective cost control:

Rising demand would lead to a decrease in overhead costs per unit. Any of the overhead expenditures being fixed would decrease costs per unit by rising production. Cost reductions can benefit customers in the form of decreases in the price of goods.

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* + - 1. Better planning and control:

Planning and management would increase the certainty of meeting development objectives. If management is assured about such production numbers, so it will schedule such items with greater confidence, since goals will be periodically monitored from time to time, which can also have more control over production. Better planning and monitoring is also necessary.

### Limitations:

1. No guarantee or minimum wage:

A direct relationship occurs between production and wages. If any output is not assured by a worker, so salaries will still be unpredictable. Any form of job disruption can decrease workers’ earnings. So employers aren’t aware they deserve minimum pay. Therefore, this system has no promise of minimum income.

1. Poor quality of goods/products:

The employees will be more worried with the number of units, otherwise more inspectors will be assigned to keep an eye on the quality of the goods produced.

1. Not suitable for beginners:

Due to less training, beginners won’t be able to create more items. Compared to skilled employees, they will earn much lower wages because their production output will be poor. This system is, however, not ideal for beginners.

1. Deterioration in health:

Workers can attempt to function more than their skill. This will affect their welfare adversely. Even if they do not preserve good health, they will try to work, because incomes are related to productivity.

1. Cause of dissatisfaction:

The earnings of different employees can vary. Some might make less and some might earn more. Many who get low pay are so jealous of others who get better, and among slow workers, this becomes a source of resentment. Thus, among workers, this scheme will see discontent.

1. Opposition from unions:

Trade unions condemn the piece-rate scheme for paying salaries. There is an unhealthy struggle between employees to increase their pay. It stimulates competition among employees and can become a source of disunity.

The life of unions is jeopardized if any of them are jealous of others. The Union would never accept a scheme in which workers receive varying sums of salaries and this is a source of disharmony between them. So, this scheme is criticized by labour unions.

1. Difficulty in fixing piece-rates:

It’s not an easy work to repair parts prices. If a low rate is set, employees will not feel motivated to improve their productivity. If a high part-rate is set, the cost of

manufacturing goods can rise. A source of an industrial dispute may become the fixation of piece rate. A rate appropriate to staff as well as management can be very difficult to correct.

### Suitability:

In the following scenarios, the piece rate structure is appropriate:

1. Where the amount of output is more important than the consistency of the commodity.
2. Where the job is tedious.
3. If a mass manufacturing method is followed and the work is structured, it is ideal for continuous production.
4. Where it is possible to independently calculate the worker’s production output.
5. Where stringent monitoring is not necessary and is challenging.
6. Where development relies on human endeavors.

### Types of Piece Rate System:

Piece rate system may be of following three types:

1. Straight piece rate:

The part rate forms the basis of payment in this system, i.e. the payment for the entire output is made on the basis of the fixed part rate. If the component rate of Rs.

1.5 per unit is set, so by multiplying the production by the fixed rate, the salaries will be determined.

Rs. 3000 will be granted to a worker making 200 units (i.e. 200 x 15). The salaries would be Rs. 3150 if the production level is increased to 210. (210 x 15). Thus, in order to get higher pay, a worker would have to increase demand. The payment rate remains the same regardless of the amount of supply or the level of revenue.

1. Increasing piece rate:

Different prices are set in this system for different stages of demand. A certain output level is determined and higher prices are granted if the production moves above that level. For example, for production up to 100 units, a piece rate of Rs. 21- per unit can be set, Rs 2.10 per unit for output from 101 to 150 units and Rs. 2.25 per unit for output above 150 units and so on. There is an opportunity for higher production rates to go above a certain amount.

1. Decreasing piece rate:

This system is practiced in many situations, where productivity is of considerable concern, to avoid the incompetence of employees. In this phase, the cost per unit decreases as production increases. For instance, Re. 1/- per unit, up to a certain amount of output, say 100 units, might be allowed. For production of 100 and 150 units, Re. 0.95 per unit. For production beyond 150 units and so on, 0.90 per unit.

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## Process of Wage Determination

Wage determination is a complex process.The steps involved in calculating wage rates include the execution of work analysis, wage assessments, the analysis of related operational issues, the development of wage systems, the framing of wage control laws, the clarification of these to workers, the assignment of grades and prices to each job and the payment of the promised wage.

A series of interrelated steps are involved in the method of deciding salaries. The steps are:-

* + - 1. Job Analysis
      2. Job Evaluation
      3. Job Design
      4. Job Description
      5. Job Assessment
      6. Wage Survey
      7. Wage Curve
      8. Group Similar Jobs into Pay Grades
      9. Price Each Pay Grade
      10. Fine-Tune Pay Rates
      11. Conduct the Salary Survey
      12. Relevant Organisational Problems
      13. Wage Administration Rules
      14. Explaining about Wage and Salary Programme to the Employees.

### Steps Involved in Wage Determination Process:

1. Job Analysis:

Job analysis explains the roles, responsibilities, working environments and inter- relationships between the job as it is and the other jobs it is connected with. It seeks to monitor and evaluate descriptions of an employee’s preparation, abilities, needed efforts, credentials, skills, experience, and duties anticipated.

The actual method of grading, scoring or judging the work happens after deciding the job requirements. In order to evaluate its worth compared to all the other workers in the company that are subject to appraisal, a job is classified. The next move is to have a price for the work. This includes transforming the relative values of the job into individual monetary values or turning the divisions of the job into sets of prices.

1. Wage Survey:

It is very important to work with what salaries are being given for the same job in other industries in deciding the wages for a particular job.

If, on a utility basis, the salaries for a given position are calculated below the salaries for the same job for other firms, the drawbacks would be as follows:

1. Persons in good faith and persons of merit shall not be available.
2. If those individuals are at all acquired for work, they shall, after some time, pass to another undertaking.

In the wage survey, it is also important to bear in mind the following:

1. Term of the survey (weekly or monthly)
2. Full pay-wage-knowledge of regular working hours or monthly payments
3. Work concept
4. Appropriate questionnaire for knowledge collection
5. Analytical method of data processing
6. Group Similar Jobs into Pay Grades:

The committee will shift to the task of determining pay scales to each position after the outcomes of job analysis and wage assessments have been collected, but it would generally want to first divide workers into pay grades.

As calculated by job evaluation, a pay grade includes workers with essentially equal complexity or relevance. Wage grading is relevant for pay purposes so the committee can just have to concentrate on a few instead of having to deal with hundreds of pay rates.

1. Price Each Pay Grade:

The next step is to assign rates of pay to grades of pay. It is typically done using a salary curve to allocate pay scales to each pay grade. The salary curve displays graphically the pay scales actually being charged in each pay grade for work, according to the points or rating awarded by the job assessment to each job or grade.

The object of the wage curve is to illustrate the connection between:

1. The worth of the job as calculated by one of the methods for assessing the job and
2. The present average rate of pay for the classes.
3. Fine-Tune Pay Rates:

Fine tuning involves correcting out of line rates and developing rate ranges.

1. Correcting Out of Line Rates:

Relative to other positions in the business, the overall current salary for a position can be too high or too little. When a rate falls far below the line, it will cause a pay raise for the work. Price cuts or a pay freeze could be needed if the rate is well over the wage level.

1. Developing Rate Ranges:

In a particular pay grade, most employers do not pay only one amount on all jobs. Instead, within each grade, they establish rate ranges such that for each pay grade

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there might be various levels of related pay grades. Normally, the rate is constructed along the wage line or curve.

For each grade, one choice is to randomly settle on a maximum and minimum rate. Alternatively, with the higher wage levels, some employers cause the rate for each grade to become broader, reflecting the greater expectations and performance uncertainty inherent in these more complex occupations.

1. Wage Administration Rules:

In the next step, the creation of wage administration laws must be carried out. In the interest of the issue and the workers, it is considered prudent that the details on the overall wages and ranges in the community salaries should be made available to the staff concerned; for confidentiality in this matter may produce frustration and may also vitiate the possible motivating impact of disclosure. Finally, the worker is tested and the pay is set for the grade that he is considered fit.

1. Job Evaluation:
2. Wage Survey:

In order to figure out the pay/salary rate existing in the area or sector for related employment, wage or salary surveys are carried out. The survey could cover all workers within an enterprise or be restricted to either baseline or merely key positions that are used to anchor the pay scale of the business and around which other jobs are plotted depending on their relative importance and usefulness to the organization.

1. Wage Curve:

A wage curve indicates the relation between the perceived importance of workers and their wage scales. The wage curve describes the connection between the perceived importance of workers and wage scales. This curve shows the wages actually paying for employment within an organization, the latest rates arising from a work appraisal, or the rates for equivalent jobs currently in the labor market for other companies. It is possible to make the pay curve relatively straight or bent. This curve can then be deployed at any given point on the line to determine the correlation between the importance of a work and its wage cost.

1. Pay Grades:

Related employees are divided into grades in this process to set up the pay plan. The organization will operate with 10 or 12 wage scales instead of hundreds of pay points. As calculated by task assessment, a pay grade consists of positions of relatively equal complexity or value.

The pay grade consists of workers with a number of points whether a point system is followed. In any event, it should be adequate to allow difficulty levels to be distinguished by the number of pay grades used, but not so great as to make the difference between two adjacent grades unimportant.

1. Rate Ranges:

For each pay grade, while a single rate may be defined, it is more common to come up with a set of rates for each pay grade. As seen in the figure below, the rate levels may be the same for each grade or proportionately larger for each successive

grade. The rate range requires workers, depending on merit or seniority or a combination of the two, to earn raises up to the highest rate for the range.

Organisations, sometimes, may decide to pay more than the maximum of the pay range when employees have exceptional merit or promotional opportunities are scarce. Wages paid above the maximum pay range are known as red circle rates.

1. Job Analysis:

It requires determining the appropriate tasks, the expertise and skills needed to perform them, and the circumstances under which they must be performed, and specifically identifying them. It is the simple technical method used to describe a job’s roles, responsibilities, and transparency. It requires deciding the procedures and equipment used and the expertise and attitudes needed for the job to be successful.

1. Job Evaluation:

That is the formal system used to assign working wages and salary rates. To direct this method, a number of programs and goods exist, each distinct from the other in packaging, pricing, theory, procedures and usefulness. It is a systemic methodology that decides the importance of a work. If the benefit is calculated, the equitable and remunerative wage structure becomes easier to fix.

1. Conduct the Salary Survey:

When the work assessment process has calculated the relative importance of workers, it is important to decide the individual sums to be paid. This is carried out in the field involved by undertaking wage or salary surveys.

## Pay Structure

### Pay Structures

For standardizing pay policies, they are beneficial. Mostly, with each grade containing a base salary/wage, the pay structures consist of many classes. For union positions, stage increments and grade range are common. The payment is pre- determined by collective bargaining on each task.

In addition to regular compensation, the employee benefit plan usually includes a dearness allowance, overtime payout, yearly bonus, reward programs, and a variety of fringe benefits.

### Basic Pay

The minimum pay concept is contained in the Equal Wages Committee’s report. According to this Commission, the standard pay floor is the “minimum wage” that provides “not just for the bare sustenance of life, but for the preservation of workers’ efficiency by providing some measure of education, medical requirements and amenities.” The basic pay was the most constant and set relative to the dearness allowance and annual bonus

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### Dearness Allowance

Dearness allowance is the cost of living allowance charged to government employees and pensioners for living change. It is one of the pay elements, which is counted as a fixed percentage of the fundamental salary of the employee. It is tailored to reduce the effect of inflation on government workers according to inflationary patterns.

The fixation of the wage structure also requires the fixation of rates of dearness allowance within its compass. The actual incomes of workers are expected to fluctuate significantly in the sense of a shifting trend of markets and demand. Ultimately, with the help of salaries, it is the goods and services that a worker consumes that are an important concern for him. Therefore, where there is a rise in inflation and a consequent increase in the cost of living by necessary changes to these incomes, the actual wages of the workforce must be covered. In foreign markets, these wage increases are carried out automatically as the cost of living rises or falls.

In India, since there are regular variations in the cost of living, the scheme of dearness payment is a special function of the pay system for salary adjustment. There are many schemes of paying dearness payment to workers in our country at present to accommodate the increases in the cost of living. They vary in reality from place to place and industry to industry. A flat rate is one of the means of paying the dearness allowance, in which a set sum is paid to all types of employees, regardless of their compensation rates. The second approach is its interaction with statistics of the consumer price index reported annually by the government.It displays the shifts in the prices of a set basket of products and services typically purchased by employees’ families. In other words, the index reflects an increase or decrease in the cost of living due to a rise or drop in commodity prices.

The Consumer Price Index (CPI) is published by the Bureau of Labor Statistics and is a monthly index. The CPI is compiled for a fixed collection of products, such as food, clothes, housing, fuels, medications, transport tariffs, and medical costs, through market data gathered nationally. The CPI is significant as an indicator of pay growth and the need for greater income for workers.

### D.A. as a Separate Component

The same global inflation and again the need for greater D.A. was repeated by the Second World War. It was assembled by factory workers. It is to be remembered here that the primary justification for retaining the D.A. As a different item and not integrating it into the salaries, it was because the D.A. was still considered by the employers. As a transitional function, it is assumed that such an allowance would be changed downwards if the cost of living is restored. Their dream, however, was never achieved and the D.A. As a distinct factor that could be lifted with the increase in the amount of the price index, it tended to exist.This element of D.A. is also found in some of the early reports like the Report of Rau Court of Inquiry which was constituted in the year 1940 under the provisions of the Trade Disputes Act, 1929 to investigate the dearness allowance of railway employees. Subsequently, in the labour struggle between the Post Telegraph Department and its non-gazetted workers, the Justice Rajadhyaksha Award in 1946, the Central Pay Commission in 1947, the Equal Wages Committee in 1948, the Bank Award Commission in 1955, the Second Pay Commission in 1959, the Dass

Commission in 1965 and the Gajendragatkar Commission in 1967, both authorised and recommended payments to D.A. is a different part of the employees’ earning. In general, the Wage-Boards have sought to retain the D.A. While some of them proposed the D.A. merger as a separate component, and a simple income.

### Relevant Factors and Practices

The whole notion of D.A. is the need to alleviate the suffering of the lowest paying workers working at the subsistence level and cushion the impact on the highest paid employees is correlated with it, in the true decision of D.A.’s quantum. Various related variables need to be taken into account, such as the following:

* 1. from D.A. As a separate factor and adding it to the Living Cost Index,
  2. the collection of an index at the All India or State level of which the D.A. Must be linked;
  3. neutralization extent;
  4. The employer’s willingness to pay the D.A.

### Revision of D.A.

As for the D.A. revision Several State Govt, Workers’ Organizations, etc. have proposed D.A. revision. After an index raise of 10 points or once every six months, whichever is later. Any State Governments and Employers’ Groups have recommended that the D.A. be changed. During increase in the index of 5 points or once in a quarter,recommended by the National Labor Commission2, the rise in D.A. linked to the 5 point slab on the basis of the number of all Indian price indexes.

“The Union Cabinet, chaired by the Prime Minister NarendraModi has approved to release an additional instalment of Dearness Allowance (DA) to Central Government employees and Dearness Relief (DR) to pensioners w.e.f. 01.07.2018 representing an increase of 2 percent over the existing rate of 7 percent of the Basic Pay/Pension, to compensate for price rise,”

How to Calculate Dearness Allowance?

DA is calculated as a percentage of (basic pay + grade pay). After 1/1/2006 the calculation of DA for government employees is as follows:

Dearness Allowance Percentage = {[Average of AICIP (Base year 2001 = 100) for the past 12 months – 115.76]/115.76} x 100

Formula for calculating DA for Central public-sector employees after 1/1/2007 is:

Dearness allowance Percentage = {[Average of AICIP (Base year 2001 = 100) for the past 3 months – 126.33]/126.33} x 100

### AICIP stands for All India Consumer Price Index

Beginning 1st of January 1996, the dearness allowance is granted to compensate for price increases to which the revised pay scales relate. This will be reviewed twice a year, on 1st January and 1st July.

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### Foreign Countries Experience

It is important to remember that the reimbursement practice for D.A. It seems to be limited only to India and some Asian countries as a separate part, and related ideas are not seen anywhere in other industrial countries. In other nations, however, in order to satisfy the need for higher housing rates, the individual salaries themselves are revised to account for the required standard of living. In the case of a rise in the price index, certain pay deals include ‘escalator provisions’ to allow for the review of compensation. In the USA, Italy and the Scandinavian countries, this practice is popular. Wages are used in Japan’s cost of living allowance and rent allowance. In certain nations, wage deals have provided for wage increases as a separate variable connected to a price index rise. In India, such rise is referred to as ‘Dearness Allowance’ holding it separate from the wages as a 3 part. There are numerous pros and cons of D.A. retention. In India a separate variable as it would provide versatility in deciding the D.A. quantum. In line with the rise in the amount of the price index and the achievement of the desirable degree of neutralization.Dearness Allowance is a legally enforceable right of State Govt. employees, Calcutta High Court.

### Bonus

Bonus can be defined as the extra imbursement which is provided as a reward for doing a job well. It usually comes along with salary of the worker. It is the gesture of gratitude from the organisation to their employees. Bonus is given worldwide in most of the business units. It is given for the job well done and also to keep the employees motivated and focused. This is either given during the festivals as well such as Diwali, Christmas, etc. or as a part of the salary structure of the employee. The dissemination of the bonus entirely depends upon the strategies of the organisation. The amount of the incentive depends upon the cost-effectiveness of the organisation.

### Importance of Bonus

* These payments keep the aspiring employees motivated as they anticipate payment to be over and above their wages.
* The motive of the payment of bonus is essentially to bridge the gap between the ideal of a living wage and the wages paid.
* A good amount leads to retention of aptitude and overall upgrading of employee relationship within the organisation also.

Example:

If an employee is working in an organisation and has performed admirably over the months and the organisation wants to acknowledge the efforts of that employee, they will give an additional amount into his salary which is known as the bonus.

Fringe Benefits:

Fringe benefits include a spread of non-cash payments that are wont to attract and retain talented employees and should include educational t assistance, flexible medical benefits, child-care benefits, and non-production bonuses (bonuses not tied to performance).

These may include Company cars, Paid vacations, Membership of social/cultural clubs, Entertainment tickets/allowance, Discounted travel tickets, Family vacation packages, Reimbursements

Employees, depending upon their gradations within the organisation may get reimbursements supported the Expenses incurred and substantiated. Certain expenses also are paid supported expenses incurred during the course of business. In many cases, employers provide advances to the workers for incurring certain expenses that are incurred during the course of the business. Some examples are Travel expenses, Entertainment expenses, Out of pocket expenses, Refreshments expenses, Sickness benefits/pregnancy

The increasing social consciousness of corporate had resulted within the payment of sick benefit to the workers of companies. This also includes payments during pregnancy of girls employees. The expenses incurred thanks to injury or illness are compensated or reimbursed to the workers .

In certain companies, the death of an employee is compensated financially. Companies also are providing financial benefits to the family of the bereaved employees covering these cost through appropriate insurance policies like, Medical and life assurance .

Social security benefits are aimed toward protecting employees against all kinds of social risks which will cause undue hardships to them in fulfilling their basic needs. Such benefits have a welfare objective and ask all such services, amenities and facilities to the workers that improve their working conditions also as standard of living of the workers and their families.

In India, the Social Security is usually governed by the state and is provided through the five Central Acts:

1. The Employees’ State Insurance Act, 1948;
2. Employees’ Provident Funds & Miscellaneous Provisions Act, 1952;
3. The Workmen Compensation Act;
4. The Maternity Benefit Act; and
5. The Payment of Gratuity Act.

The Social Security besides medical facilities, compensation benefits and coverage to the workers, also include the retirement benefits i.e., those concerning the provident fund and gratuity provisions.

* + 1. **Wages**

Basic Wage means all emoluments which are earned by an employee while on duty or on leave or on holidays with wages in either case in accordance with the terms of the contract of employment and which are paid or payable in cash to him, but does not include-

1. the cash value of any food concession;
2. any dearness allowance that is to say, all cash payments by whatever name called paid to an employee on account of a rise in the cost of living,

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house-rent allowance, overtime allowance, bonus, commission or any other similar allowance payable to the employee in respect of his employment or of work done in such employment;

1. any present made by the employer.

The minimum wage consists of the standard wage plus a variety of allowances, such as irregular working hours and shift work. In the calculation of the minimum wage, some income elements, such as overtime wages, are not included. The federal minimum wage owed to you will be recorded in your pay slip.

Minimum wages are characterized as the “minimum amount of remuneration required by an employer to pay wage earners for work performed over a given period, which cannot be reduced under a collective agreement or individual contract.”

This term applies to the binding existence of minimum wages, independent of the mechanism by which they are set. The minimum salaries can be fixed by a law, by a decision of a responsible body, by a compensation council, by a salary board, by an industrial or labor court or by a tribunal. Minimum pay may also be fixed by allowing the terms of labor agreements the power of law.

Minimum wages are meant to protect employees from unduly poor salaries. They help ensure that everybody has a decent and equal share of the benefits of development, and that everyone who is working and in need of such protection has a minimum living wage.

By supporting the right to fair pay for jobs of equal merit, minimum wages should also be one part of a strategy to overcome injustice and minimize discrimination, including between men and women.

Minimum wage programs should be structured to balance and improve other social and job policies and should not be perceived or used in isolation. Several types of initiatives, including pro-employment strategies, social transitions, and developing an enabling atmosphere for sustainable businesses, can be used to combat wealth and labor market disparities.

The function of the minimum wage set by the floor can also be differentiated from that of collective bargaining, which may be used to set wages above the current floor. A hypothetical allocation of wages for a ‘living wage zone’ and a ‘collective bargaining zone’ as seen in Figure 1, which can be used to determine minimum rates and to set wages above the current floor.

## Wages: Need based wage, Fair wage, Living Wage

### Need-Based Minimum Wage:

At its 15th session, held in July 1957, the Indian Labor Conference proposed that minimum wages should be based on the minimum human needs of the factory worker, independent of all other factors.

The minimum wage based on need is indeed a fair wage standard which reflects a wage greater than the minimum earned in many sectors at present, even though it is

only in the lower reaches of the fair wage. It then holds that the willingness to pay would have to be taken into consideration in deciding the need-based minimum.

The minimum wage, depending on needs, is determined on the following basis:

1. Consisting of 3 consumption units for the earner, the typical working class family should be considered; the incomes of mothers, children and teenagers should be disregarded.
2. The minimum food needs for a typical Indian adult with normal exercise should be determined on the basis of a net consumption of 2,700 calories, as suggested by Dr. Akroyd.
3. The clothing standards should be calculated at a per capita intake of 18 yards a year, which would mean a total of 72 yards for an ordinary worker’s family of 4.
4. With regard to accommodation, the minimum rent paid by the Government in any region for housing built for low-income groups under the Subsidized Housing System should be the standard.
5. The spending on petrol, lighting and other miscellaneous items should account for 20% of the overall minimum wage.

However, the Minimum Wages Act, 1948 did not define minimum wage. While employers go by the definition given by the Committee on Fair Wages, 1948, expectedly Trade Unions like to consider the need based minimum wage concept.

### Fair Wage:

The fair wage depends on considerations of such factors as:

1. The productivity of labour,
2. The prevailing rates of wages in the same or neighbouring localities,
3. The level of the national income and its distribution, and
4. The place of the industry in the economy of the country.

### Living Wage:

A living wage is one that should allow the earner to provide not only the bare necessities of food, clothes and housing for himself and his family, but also a measure of frugal comfort, including schooling for his children, protection against ill-health, demand for vital social needs, and a measure of insurance against the most severe misfortunes, including old age. A minimum wage, thus, constitutes a living standard. Considering the general economic conditions of the region, a living wage is set.

Having described the minimum wage as a simple and irreducible level of wage to provide food, clothes and shelter, Justice Higgins developed his definition of living wage as one that should provide not only food, clothing and shelter, but also some frugal comfort of life, decent education for children, some fun and allowance for sickness and old age, including some measure of social security. Again, frugal comfort should be measured at a specified time at the changing values.

Therefore, according to Justice Higgins, the Minimum Wage is sufficient for the normal needs of the ordinary person, treated as a human being living in a civilized

**Notes**

**Notes**

society. It must compensate for a state of frugal comfort estimated by existing human standards, not just for the absolute necessities such as food, clothes and shelter.’ It must be adequate to ensure food, clothes, lodging, frugal comforts, allowance for evil days, etc. for the workmen, as well as reverence for an artisan’s particular talent if he is one.Marriage is an adult man’s normal destiny, an income that would not account for the marriage situation and will not be treated as a living wage for the upkeep of only five people in a household. It is important to note that the above definition of living wages is also accepted by the Supreme Court in the Express Newspaper (P) Ltd. as defined by Justice Higgins.

As a result, the living wage of the Union of India should encourage the wage earner to provide for himself and his family not only for the three fundamental necessities of life, namely food, clothing and shelter, but also for frugal comfort, good education for children, protection against ill-health and a measure of insurance against the most significant misfortune, including old age. Regardless of the level of income, the financial state of the establishment or the existence of jobs at reduced salaries, the minimum wage must still be paid in either situation.The wages must be fair, i.e. sufficiently high to provide standard family with,food, shelter, clothing, medical care and education of children appropriate to the workmen. A fair wage lies between the minimum wage and the living wage which is the goal. Wages must be paid on an industry wise and region basis having due regard to the financial capacity of the unit.

### Check Your Understanding

1. means reducing the size of the organisation. It is restructuring of the organization whereby non-core activities are disposed off. Where there is surplus staff, trimming will be essential.
2. insurance scheme provides adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy.
3. is a group of position involving substantially the same duties, skills, knowledge and responsibilities.
4. Human Resource Audit System covers
5. Match the following

**List-I (Concepts of HRM) List-II (Factors)**

* 1. Job satisfaction 1. Achievement
  2. Wage and Salary Administration 2. Halsey Plan
  3. Incentive Plan 3. Halsey Plan
  4. Motivation 4. X-Theory

5. EOQ

### Summary

Wage and salary administration is defined as the process by which wage and salary levels and structures are determined in organisational settings. Wages are payments for labour services rendered frequency, expressed in hourly rates, while a salary is a similar payment, expressed in weekly, monthly or annual rates.

Nominal Wage- It is the wage paid or received in monetary terms. It is also known as money wage.

Real Wage- It is the amount of wage arrived after discounting nominal wage by the living cost. It represents the purchasing power of money wage.

Take Home Salary- It is the amount of salary left to the employee after making authorized deductions like contribution to the provident fund, life insurance premium, income tax and other charges.

### Glossary

* **Nominal Wage**- It is the wage paid or received in monetary terms. It is also known as money wage.
* **Real Wage**- It is the amount of wage arrived after discounting nominal wage by the living cost. It represents the purchasing power of money wage.
* **Take Home Salary**- It is the amount of salary left to the employee after making authorized deductions like contribution to the provident fund, life insurance premium, income tax and other charges.
* **Cost to the Company (CTC)**- The concept ‘cost to the company’ includes payment made to the employee including pensions, health insurance, death in service, gratuity, company car or own the car scheme, child care provisions, subsidized meals, etc.
* **Job-** A “job is a group of positions that are similar as to the kind and level of work”. In some instances, only one position may be involved, simply because no other position exists. For example, in a small organisation, there will be only one position of personnel manager. But in large organization, there may be ten employees with the same title, yet each may perform slightly different work.
* **Job Analysis**- The US, department of labour defined job analysis as “the process of determining (by observation and study) and reporting pertinent information relating to the nature of a specific job.

### Questions and Exercises

1. Which of the following statement is true?
   1. Annual planning budgeting process includes human resource needs.
   2. Managers discuss goals, plant and thus types and numbers of people needed in the short run.
   3. The personnel department may contribute of these estimates through the use of psychological tests, interviews and other methods of assessment.
   4. Replacement charts are a visual repre-sentation of who will replace whom in the event of a job opening.
2. Match the following

**List-I (Human Relations Training Methods) List-II (Features)**

1. Role Playing Method 1. Position

**Notes**

**Notes**

1. Gaming 2. Simulation
2. Lectures 3. Subject Matter Dictation
3. Conference Training 4. Presentation

5. Power

1. Which is the source of formulating Human Resource Management Policies?
2. Which need is not fall under needs of Training and Development?
3. Which of the following challenges faced by recruiters?

### Further Readings

1. [https://www.economicsdiscussion.net/wages/wage-system/wage-and-salary-](http://www.economicsdiscussion.net/wages/wage-system/wage-and-salary-) administration/32097

### Answers to Check Your Understanding

1. Downsizing
2. Medi-claim insurance scheme
3. Job
4. By examining the structure and content of the systems to see if the activities are

controlling to the fulfillment of objectives

5. (A) (B) (C) (D)

1 2 3 4

# Unit-4.4: Types of Wage Incentives:- Individual Incentive Plan

## Objectives

* To understand the concept of Wage Incentives
* To Know about Different Incentive Plans

## Introduction

Types of Wage Incentive Plans:

Following are the types of wage incentive plans.

### Straight Piece Rate Plan:

Employees are paid depending on their production in the straight piece rate schedule. For instance, if the piece rate is Rs. 4 per product piece, then for that day, a worker who turns out 40 pieces a day earns Rs 160 (Rs 4 x 40) as his salary. The employee who creates 32 parts a day, on the other hand, receives Rs1288 (Rs 4 x 32 pieces). Therefore, relative to a slow worker, a fast worker gains better.

### Standard Piece Rate with Guaranteed Minimum Wage:

Here, on an hourly basis, the minimum covered pay is permanent. The lowest fixed wage/day plus the bonus for the sum generated is earned by a worker. To explain this, conclude that the part rate is Rs 4 for 8 hours and a minimum fixed pay of Rs 16 per hour (Rs 16 x 8 hours = Rs 128 per day) is shifted. Per piece, the normal time is 15 min.

**Notes**

Principles of a Good Wage and Salary Administration:

* 1. Simple and easy to comprehend.
  2. nion management contract.
  3. Time standards fixed.
  4. Reward proportional to the effort.
  5. Complaints and grievances properly attended to.
  6. The plans not changed frequently and tried out continuously for some length of time.
  7. Equity and equality.
  8. Workers made to understand the plan.
  9. Method study preceding time standard.

The term pay-for-performance compensation applies to pay packages focused on performance where an individual is encouraged and remunerated to reach targets or goals. According to our new Pay Policies and Incentive Policy report, 75% of companies actually leverage pay-for-performance compensation as part of a total compensation package. Pay-for-performance programs are exceptionally common.

**Notes**

Depending on the financial strategy of the company, salary policy and corporate priorities, pay-for-performance compensation can exist in many variants. You would want to contemplate the results the company is trying to produce the pace at which you will compensate workers while developing a pay-for-performance package and the total boost you will be budgeting to supply these systems.

Individual workers are charged bonuses under the individual compensation package on the basis of individual success or production. Employers are responsible for paying bonuses to all workers who deliver higher than the normal production. There may be either time-based or production-based individual reward programs.

A standard time for completing a job is calculated in the case of time-based reward programs, and this standard time acts as a basis for incentive giving. If he finishes his job in less than standard time, a worker is deemed to be productive. By offering benefits under certain compensation programs, the worker is rewarded for his productivity.

Some of the time based incentive plans are:

* + 1. Halsey Incentive Plan.
    2. Rowan Incentive Plan.
    3. Emerson Efficiency Plan.
    4. Bedeaux Incentive Plan.

## Halsey Plan

In this process, a regular time is set for the job to be done. Each staff is promised a minimum base-wage. If a worker finishes his job in only the normal time, no reward would be given to him. If a worker does his job in less than average time, bonuses are offered to him. The bonus would be equivalent to 50 percent of the worker’s time saved.

W=TR+(S-T)R%

Where

W=Total Wages S=Standard time

T=Time taken to complete the job

%=Percentage of wages of time saved to be given as incentive R=Rate;

For example, if rate hour is Rs.3 standard time for completion of job is 10 hours. A worker completes the job in 8 hours, his total wages will be:

W= 8x 3+ (10-8)3×1/2

= Rs.27

In the above example, worker is given an incentive of 50% (1/2) of time saved.

### Advantages:

* + - 1. It is simple.
      2. Each worker is guaranteed a minimum wage.
      3. This is beneficial to efficient worker.
      4. Causes no harm to new worker, trainee, or slow worker.
      5. Management shares benefits of over-achievement by workers.

### Disadvantages:

1. Workers get only a percentage of return on their over-achievement.
2. The quality of production may suffer as workers may do work in hurry,
3. There may be difficulties in setting standard time for different jobs.

## Rowan Plan

This plan is somewhat similar to the plan for Halsey. It varies only in terms of the bonus estimate for time saved. The worker earns the minimum salary promised. The opportunity to finish the task in less than normal time is paid on the basis of a calculation that saves time over standard time per standard time unit.

Incentive is calculated as:

Incentive or Bonus=S-1/SX T x R Total wages=T x R+ incentive

=T x R(S-T)/S x T x R

Where, W=Total wages S=Standard time

T=Time taken to complete the job R=Rate;

For example, if rate per hour is Rs.3and standard time for completion of job is 10 hours.

A worker completes the job in 8 hours, his total wages will W=8×3+ (10-8)/10x 8x 3=Rs.28.4

### Advantages:

* + - 1. This system checks over-speeding and overstrain by worker.
      2. Each worker is guaranteed a minimum wage.
      3. Efficiency is rewarded.

### Disadvantages:

1. The workers find it difficult to understand.

**Notes**

**Notes**

1. Discourages workers to over-achieve.
2. Workers may not like sharing of profit for over-achievement.

## Emerson Efficiency Plan

In this scheme, every employee is guaranteed a minimum wage on a timely basis and benefits are offered on the basis of productivity. The ratio of time taken to normal time defines efficiency. Bonus/incentive payments are related to employee productivity. Those workers who reach more than 2/3rd, i.e. 66.67 percent of productivity, will be granted bonuses. At 66.67 per cent efficiency, no opportunity will be granted. 20 percent above the hourly wage is a 100 percent productivity bonus. For efficiency above 100%, for every 1 percent efficiency rise, 1 percent incentive/bonus is charged.

For example, if standard time for a job is 6 hours and hourly rate is Rs.3. If a worker completes a job in 6 hours, the efficiency of worker is 100%. His wages will be 6 x 3 + bonus @20% i.e. Rs.18 + 20% of 18 = Rs.21.6

### Advantages:

* + - 1. Minimum wages are guaranteed.
      2. It is simple to understand.

### Disadvantages:

i. ncentive after attaining standard is very low.

## Bedeaux Point Plan

A minimum base wage is also guaranteed by the Bedeaux plan, also called units or point structure. The normal time and time taken for each work were reduced to minutes in this scheme. Each minute is referred to as ‘B,’ i.e. one hour is equivalent to 60Bs. The staff who do the job are paid at a normal time rate within the standard time.

The incentive is paid to those who finish the work in less time. 75 per cent of the wages for hours saved is the incentive paid to the staff. Among staff and administrators, the time saved is split.

The formula for calculating wages is:

W=TR+75% (S-T)R

where w= Total wages S=Standard time

T=Time taken to complete the job R=Rate;

For example, if standard time for a job is 6 hours i.e 360 B’s and wage rate is Rs.3 per hour. If a worker completes his job in 5 hours i.e 300 B’s, he saves 60B’s.

His total wages will be:

W=5×3+75 %(6-5)x3

=15+75%of 3=Rs.17.25

### Advantages:

* + - 1. Minimum wages are guaranteed.
      2. Management also shares some percentage of bonus.

### Disadvantages:

1. Incentive after attaining standard is very low.
2. Workers do not like their bonus to be shared by management.

## Taylor’s Differential Piece Rate Plan

Taylor, the founder of scientific administration, introduced this method. The key features of this scheme are that two pay scales are set, one lower and one higher. A lower wage for all workers who are unable to reach the standard output within the standard time and a higher rate within or less than the standard time for those who are in a position to deliver the standard output.

For example, if standard production in 8 hours is fixed at 10 units. The lower piece rate is Rs.3 and higher piece rate is Rs.3.5. If a worker produces 9 units, his wages = 9 x 3 = Rs.27. In case a worker produces 10 units, his wages = 10 x 3.5 = Rs.35.

### Advantages:

* + - 1. Provides incentives to efficient worker.
      2. Inefficient worker is penalized.
      3. This system is simple and easy to implement.

### Disadvantages:

1. Minimum wage is not assured,
2. There are chances that quality of work may suffer,
3. This system is not liked by below average workers, as they do not get any incentive.

## Merrick’s Multiple Piece Rate Plan

To overcome the limitations of Taylor’s differential piece rate system, Merrick suggested a modified plan in which, three-piece rates are applied for workers with different levels of performance.

These are:

* + - 1. Workers producing less than 83% of the standard output are paid at basic rate.
      2. Workers producing between 83% and 100% of standard output will be paid 110% of basic piece rate.
      3. Those producing more than 100% of the standard output will be paid 120% of basic piece rate.

**Notes**

**Notes**

### Advantages:

1. Efficient workers are rewarded handsomely.
2. Minimum wages are guaranteed.

### Disadvantages:

1. There is wide gap in slabs of differential wage rate.
2. Over emphasis on high production rate.
   * 1. **Gantt’s Task and Bonus Plan**

This strategy is based on meticulous work analysis. This plan’s key advantage is that it incorporates time cost, piece rate and incentive. For performing a certain job, a regular time is set. The average performance of the worker is compared to the standard time and its efficacy is assessed.

If a worker does not do the job within the normal time, i.e. it takes more time than the standard time (efficiency below 100%), he will not get any incentive, but for the time spent by him, he will be granted wages.

If a worker finishes the job within standard time (100 percent efficiency), the standard time salaries and a bonus of 20 percent of wages received are given to him.

If the worker finishes the job in less than the normal time (i.e. more than 100 percent efficiency), salaries are paid according to the part rate.

### Benefits:

* + - 1. They are promised minimum salaries.
      2. It is easy to comprehend.
      3. More money may be gained by productive workers.

### Inconvenience:

Focus on excess speed or high rate of output.

### Check Your Understanding

1. Which is not an objective of wage incentive programmes?
2. When the same rate of incentives is paid to the employees for each unit of goods produced by them, it is called
3. When more than one piece rate is offered to the individuals for goods produced by them, it is called
4. Evaluating the relative worth of the employees in the organization and then deciding the awards for them is called
5. In which methods is the standard time stated as minutes and points?

### Summary

Among individual incentive plans, several approaches can be identified, including

merit-based compensation (commonly known as merit compensation), piece-rate incentive programs (where people are paid according to the quantity of output), bonus systems of various sorts, and commissions.

### Activity

Explain Incentive plans and compensation to employees and document it for further usage in HR policies.

### Glossary

* **Gain**-Sharing Plans. Giving executives and senior managers bonuses to reflect their contributions to organizational effectiveness is commonplace. In fact, in some companies executive bonuses are often larger than salaries.
* **Skills-**Based Incentives. Typical compensation programs are tied to job evaluations. In these, jobs are analyzed to assess their characteristics, and then salary levels are assigned to each job on the basis of factors such as job difficulty and labor market scarcity.
* **Lump**-Sum Pay Increases. Another technique that has received some attention is to allow employees to decide how (that is, in what amounts) they wish to receive their pay raises for the coming year.

### Questions and Exercises

1. How can a new manager that is working with international employees ensure she is providing reviews in an appropriate manner?
2. What methods can a manager employ in her preparation for the review to be successful when providing feedback to employees of different cultures?

### Further Readings

* 1. [https://www .krauthammer .com/en/publications/personal-](http://www.krauthammer.com/en/publications/personal-) development/2017/04/12/12/07/feedback-through-cultural-looking-glass
  2. [https://www.cognology.com.au/international-approach-360-degree-feedback](http://www.cognology.com.au/international-approach-360-degree-feedback)

### Answers to Check Your Understanding

1. Facilitating the separation of employees
2. Straight piece rate
3. Differential piece rate
4. Merit rating
5. Bedeaux system

**Notes**

**Notes**

# Unit-4.5 Group incentives & Others

## Objectives

* To understand the Group Incentives Plans
* To know the method of Distributing Group Bonus/ ESOPs and Other Incentives

## Group Incentive Plans

A community incentive scheme system is intended to encourage successful collaboration, since the benefit relies on the team as a whole’s success and output. Each employee is paid a bonus under the Group Incentive Scheme on the basis of the overall success of the group of which he belongs. Each employee gets an equal share of the reward within the company.

Some of the group incentive plans are:

* + - 1. Priestman’s Plan.
      2. Scanlon’s Plan.

### Priestman’s Plan:

Under this scheme, a minimum output is set for the whole enterprise. If output reaches the norm, in line with the rise, the incentive is paid. If production does not follow the norm, so employees will get minimum salaries. The regular volume of 200, 000 units are, for example, set for the year. Real output are 240,000 units over the year as output has raised by 20 percent, as an incentive, workers can get 20 percent higher salaries.

Employees get ample incentives to improve their efficiency. A team spirit is apparent in the workers and, through the combined actions of different members of the company, productivity will improve. This technique would not provide inspiration for individual employees. Inefficient employees share the contributions of productive workers and all the workforce in the company profits from improved productivity.

Jobs are not considered separately, but jointly, in this programme. The productivity of all workers as a whole is regarded by this method.

In excess of normal production per week, the bonus is paid in proportion. When the output increases in a year, either above the normal output or the prior year’s output, the same ratio increases incomes.

For e.g., if the cost per worker per unit time is 10 units in 2009 and the output per worker per unit time is 12 units in 2010, compensation would be 20 percent higher in 2010 than in 2009. The downside to this method is that it does not recognize human productivity.

### Scanlon’s Plan:

This system takes its name from Joseph Scalon. For a one percent rise in productivity under this scheme, there is a one percent contribution incentive payout. Both staff except top executives has access to the incentive.

The sum or bonus of the entitlement is not paid per month. To cover any shift in labor costs, a contingency fund of one-half of the first fifteen per cent is generated. If, at the end of the year, this fund is unused, then this balance is also allocated to employees in the last month of the year and in the year a new reserve is established.

A Scanlon contract is a type of gain-sharing plan that gives workers a benefit when, when calculated by a previously defined level, they increase their efficiency or productivity by a certain amount. An employee recommendation scheme, a committee structure, and a formula-based incentive system compose a standard Scanlon programme. A Scanlon approach focuses emphasis on the conditions about which the enterprise and its workers have some influence.

## Profit Sharing and Gain Sharing

### Definition of Profit Sharing:

Benefit sharing schemes can complement other reward plans effectively. Benefit share is a mechanism for increasing employees’ compensation through the company’s distribution of earnings. Benefit sharing can be described as a voluntarily entered into arrangement by which the workers earn a share of the profits, set in advance. In comparison to the normal salary, this pay bears a definite percentage relation to business earnings. This concept would preclude incentives based on earnings which, on an ongoing basis, are not guaranteed.

### Objectives of Profit Sharing:

1. To foster the productivity of staff.
2. Productivity rises.
3. To let workers feel like their needs are similar to the employer’s interests.
4. To make staff function in a more ethical way.
5. Activating the social spirit of workers and eliminating labour tensions.
6. To build understanding of scrap reduction and waste removal in the workforce.
7. Establish a proprietary mindset on the part of staff.
8. To reduce the turnover of labor.
9. To promote industrial democracy,
10. To boost the productivity of staff.
11. To bring workers and management closer so that many problems can be sorted out due to already developed better mutual understanding and cooperative spirit.

### Methods to Distribute Profits:

Profits under the profit sharing scheme can be distributed to employees in a number of ways, such as:

1. In the form of money in cash.
2. In the form of shares in corporations.

**Notes**

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Income will be charged to staff under the benefit sharing scheme on the basis of: (i ) Their service years with the organization.

1. A set amount over the specified duration of their gross salaries.
2. The workers’ merit rating.
3. Attendance
4. heir record of positive performances.
5. Their strong record in general, etc.

### Advantages of Profit Sharing:

1. Employees and employers develop better mutual understanding and cooperation.
2. Industrial disputes tend to reduce.
3. Productivity increases.
4. Scrap and waste tends to reduce.
5. Labour turnover reduces.
6. Worker’s efficiency increases.
7. Worker’s morale and motivation improves.
8. It develops a sense of participation in the employees.

### Limitations (or Objections) of Profit Sharing:

1. It is difficult to gauge the varying contributions of individual employees
2. Compensation is not paid soon after the employee effort is made.
3. Compensation amount fluctuates annually and is generally too small to prove

an incentive.

1. Even if workers have put their best efforts, they will not get any compensation if the company goes in loss due to other reasons, e.g., excessive on-cost burden, etc.
2. All workers, semi-skilled or highly-skilled, non-productive or highly productive may receive equal share.
3. Workers expect a sort of allocation of profit and if this quantity is smaller than predicted, they may become suspicious of the company’s particular reported amount of profit and may become dissatisfied and disappointed.

A gain-sharing arrangement is a type of management system used by a corporation to maximize profits by increasing the financial and emotional stake of employees in the company’s performance. In order to inspire them to do well, it includes giving workers financial shares of the company benefits from increased performance. Gainsharing schemes offer an effective solution to traditional wage systems that are often viewed as uninspiring remuneration types. A gain-sharing arrangement equates employee earnings closely with success and, as such, is an important method for enhancing levels of performance and incentive. Gainsharing schemes

may be conventional or customized to meet the real market climate and needs of an organization. It is important to remember, though, that a gain-sharing arrangement is not an individual reward mechanism in any manner.

A Little More on what is a Gain Sharing Plan

There are three primary types of gainsharing programs -

In the 1930s, Joe Scanlon formulated the Scanlon Plan, The Rucker Plan, and Improshare.

Of these, the first two will be studied in depth.

### The Scanlon Plan

In essence, the Scanlon plan is the father of all gain-sharing systems. It is a cost-saving incentive program for workers which compare incentives with the cost of production ratio relative to the value of production. In basic words, the higher the productivity level of an employee compared to his hourly pay in a Scanlon plan, the greater his additional benefits. For example, an employee working five hours a day at a

$20 hourly wage gets $100 in salary for a day’s work.

Suppose his job is to repair windshields on pickup vehicles, which he does at the rate of six trucks an hour on average. However, the employee can raise his production rate to eight trucks an hour with a Scanlon plan in place, thereby bringing home an additional bonus in addition to the regular $100 he earns. An employee employed on an hourly wage basis has no incentive to do well in the lack of such a profit-sharing scheme. As a matter of fact, by decreasing his efficiency, such a worker could attempt to rig his time sheet to display more hours for the same amount of work done.A Scanlon plan eliminates the possibility of such misdemeanors by offering employees a real incentive to perform better. It also acts as a foundation for developing a worker’s production skills.

### The Rucker Plan

Another gain-sharing initiative that seeks to minimize production costs by correlating labor costs with a share of production costs is the Rucker scheme. It varies from the Scanlon strategy in that an evaluation of production and not the quantity of performance is its primary objective. Such an approach is particularly suitable for businesses with a negligible variation in productivity statistics, since it provides an evaluation of other factors for output monitoring purposes. Parameters such as the ratio of waste to output volume or the number of faulty parts per notation are also regarded by Rucker proposals.The goal of the Rucker plan is to ensure optimum cost efficiency and results. As such, Rucker plans to promote good job efficiency and to reduce manufacturing costs. Although most industries that have employed Rucker plans are sufficiently mechanized or automated to maintain reasonably stable production numbers, they also rely on their workers to ensure that raw materials are used judiciously and that the consistency of finished goods is consistent.

### Advantages and Disadvantages of Gainsharing Plans

Gainsharing programs support employers by encouraging greater employee satisfaction in the manufacturing chain and ensuring higher job quality. Nonetheless,

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the inner workings of such a method can also be difficult for the ordinary worker to comprehend. Gainsharing strategies tend to associate benefits for concrete performance and neglect operations that do not produce immediate consequences. As such, tasks which are central to the system or structure, such as ideation sessions, are also easily neglected. Which also results in workers becoming unenthusiastic about new systems or ideas, since any such transition requires wasting hours on training sessions that they deem to be non-incentivized jobs.

In addition, improving efficiency is the main target of most gain-sharing programs. There are, however, many cases in which high efficiency is either not mandated or is a disadvantage. For instance, high output numbers will potentially adversely affect industries that do not have stable orders (in the form of warehousing costs of unsold goods). Gainsharing programs that promote high revenue or higher bottom line earnings often encourage employers to concentrate only on items that usually deliver higher margins. In order to favour those goods, staff also exploit sales and marketing campaigns.

This will significantly harm the reputation of a brand by implying to its clientele that the company is only interested in selling higher-margin goods. For all their drawbacks, however, gain-sharing plans are still standard and productive reward schemes. Not only can a gain-sharing scheme encourage a worker to bring in his best effort, but it also cultivates a sense of pride in his workplace accomplishments.This leads to indirect gains, such as reduced levels of turnover of staff and consequently lower time and resources expended on training new hires. Gainsharing plans also help companies handle their payroll and, when business is sluggish, save on operational expenses.

## Fringe Benefits

They are the extra rewards provided to an individual for the performance of a specific program, above the specified pay. The statute mandates certain fringe benefits, such as social security and life care, while others are willingly offered by the employer.

Optional fringe benefits, for example, include free breakfast and lunch, gym membership, equity options for employees, transport insurance, financial planning programs, childcare, educational assistance, etc.

For the management of fringe benefits, the criteria that must be regulated are as follows:

1. Workers should earn fringe incentives on the grounds of a genuine interest in protection and the enhancement of their well-being. The management does not fear like they are plunging into these fringes. The management does not believe that the remunerations are given as a matter of any charity by them.
2. Practically, the incentives can fulfill a true need. Employees strike back, or are

oblivious to whatever advantages they do not want.

1. The incentives should be operational in terms of costs and as broadly based as possible.
2. It is only after sound planning has been done to deliver them that these incentives are to be offered.
3. Workers ought to be made conscious of these advantages so that they can make use of them.
4. Their representative and the representative of the trade union should be requested to express their preferences before those margins can be intended for workers.

### Fringe benefits include the following:

1. For Employment Security:

Under this head, benefits include unemployment, health, technical adjustment compensation, leave travel pay, overtime pay, bargaining amount, maternity leave, leave for complaints, vacations, housing bonus charges, call-back pay, lay-off, retirement rooms, employee sons/daughters and so forth.

1. For Health Protection:

Accident insurance, liability insurance, dental insurance, hospitalization, life insurance, emergency treatment, sick benefits, sick days, etc. are benefits that lie beneath this head.

1. For Old Age and Retirement:

Benefits in this group include taxable insurance plans, pension, gratuity, provident fund, old age support, old age therapy, retired employee medical benefits, retired employee travel reimbursement, work with the deceased employee’s sons/daughters and the like.

1. For Personnel Identification, Participation and Stimulation:

This form includes benefits such as anniversary awards, attendance incentives, canteens, cooperative financial unions, college facilities, beauty salon services, accommodation, income tax assistance, therapy, efficiency promotions, leisure activities, stress counseling, safety measures, etc.

### The fringe benefits are categorized as follows:

1. Payment for Time Not Worked:

Sick leave with compensation, sick pay, paid rest and relief time, paid lunch breaks, appeal time, negotiation time, travel time, etc. are benefits according to this group.

1. Extra Pay for Time Worked:

This group covers incentives such as premium pay, reward payment, change premium, old age cover, share of profits, unemployment pay, Christmas bonus, Deepali or Pooja bonus, subsidy for food prices, subsidy for accommodation, entertainment.

### Employee Security

In order to ensure protection for the worker and his family members, physical and work safety should both be delivered to the employee. A sense of work protection is provided by the advantage of employee confirmation on the job. In comparison, a minimum and uninterrupted pay or wage gives life a sense of protection.

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### Retrenchment Compensation

In the event of lay-off and retrenchment, the Trade Disputes Act, 1947 offers coverage. Non-seasonal industrial establishments employing 50 or more employees to give all workers who are retrenched after one year of interrupted service a month’s notice or one month’s pay. Compensation shall be paid at the rate of 15 days of salary for each year of service performed, with a limit of 45 days of salary each year. As mentioned above, employees are liable for compensation except in the case of shutting down efforts.

### Lay-off Compensation

In the case of lay-offs, workers are entitled to lay-off pay at the rate of 50 percent of their lay-off time except for weekly vacations of the gross minimum wages and dearness allowance. In total, lay-off payments will be paid for up to 45 days a year.

### Safety and Health

In order to protect the worker from injuries, unsafe working conditions and to protect the ability of the worker, staff protection and wellbeing should be taken care of. The Factories Act of 1948 in India specified some criteria related to working conditions in order to have a safe working climate. Cleanliness, waste and waste management, ventilation and temperature, pollution and pollutants, artificial humidification, overcrowding, illumination, drinking water, washrooms and spittoons are protected by these provisions.Protection requirements include fencing of machinery, employed on or close machinery, jobs of young people on dangerous devices, striking gear and power- cutting tools, self-acting machines, relaxing of new machinery, probation of employment of women and children near cotton openers, hoists and lifts, moving machines, ropes and lifting tackles for hooks, rotating machinery,pressure plant, floors, extreme weights, protection of eyes, precautions against dangerous fumes, explosive or inflammable dust, gas etc. preventive measures in case of fire, power to involve specifications of defective parts of test of stability, safety of buildings and machinery etc.

* + 1. **Employee Stock Option Plans (ESOP)**

### What Are Employee Stock Options (ESOs)?

Employee stock options (ESOs) are a type of equity incentives provided to their staff and executives by corporations. Rather than simply issuing equity shares, the company instead offers derivative options on the stock. These rights come in the form of standard call options that offer the employee the right for a finite amount of time to purchase the company’s stock at a specified price. For an employee with an employee equity options plan, the terms of ESOs would be fully laid out.

The biggest benefits of a stock option are usually realized if the stock of a business increases above the exercise price. Usually, unlike regular listed or exchange-traded options, ESOs are released by the business and cannot be exchanged. If the price of a stock increases above the exercise price of the call option, call options are exercised and the buyer obtains at a discount the stock of the firm. The holder can opt to sell the stock for a profit immediately on the open market or hang onto the stock over time.

As part of an equity incentive package, companies may provide ESOs.

These grants come in the form of daily call options that offer an employee the right for a finite amount of time to purchase the company’s stock at a specified price.

ESOs may have vesting schedules that restrict exercise capacity.

ESOs are taxable at the time of exercise, and stockholders are taxed if their securities are sold on the free market.

Stock options are a perk often associated with start-up firms, and will grant them when and if the firm goes public, to compensate early workers.Some fast-growing businesses are rewarding them as an opportunity for workers to work in raising the value of the shares of the company. Stock options will also act as an opportunity for workers to stick with the enterprise. When the employee exits the firm due to vesting, the options are cancelled. Any dividend or voting rights are not included in ESOs.

### Understanding ESOs

Corporate incentives may include stock incentive schemes for any or all workers. In the form of capital equity, these programs are known for offering financial incentives. ESOs are only one type of reimbursement for equity that a business may provide. Some kinds of incentives for equity can include:

Restricted Stock Grants: These give workers the right to purchase or obtain shares after such conditions have been fulfilled, such as serving for a given period of years or meeting performance goals.

Stock Appreciation Rights (SARs): SARs shall be entitled to raise the amount of a given number of shares; the value increase shall be payable in cash or business shares. Phantom Stock: this pays a potential cash bonus equal to the value of a given amount of shares; there is typically no valid conversion of equity ownership, however, if defined because incidents arise, the phantom stock can be converted to real shares.

Employee Equity Ownership Plans: These plans give workers the right, normally at a discount, to buy business shares. The commonality between all these equity reward programs, in general terms, is that they offer an equity opportunity to employers and partners to develop the enterprise and invest in its development and success.

For workers, the main advantages of any form of stock benefit scheme are:

* An ability to personally invest in the performance of the company by equity portfolios
* Ownership pride; workers can feel driven to be completely effective because they have a stake in the enterprise.
* Provides a tangible depiction of the importance of their commitment to the employer
* It can provide the opportunity for tax benefits upon the selling or disposition of the shares, depending on the plan.

The drawbacks for employees with an equity benefit scheme are:

* It is a crucial weapon in a rapidly integrated global market where there is worldwide competition for top talent to attract the best and the brightest.
* Boosts work satisfaction and economic well-being of workers by offering

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lucrative financial benefits

* Employees are motivated to help the business grow and prosper so they will share in its growth.
* In certain situations, it can be used as a possible escape tactic for owners.
* Two major categories exist in terms of stock options:

Incentive stock options (ISOs) are usually only provided to key personnel and senior executives, also known as contractual or eligible options. Under certain cases, they earn special tax treatment, as the IRS handles gains with options such as long- term capital gains. Employees at all levels of a company, as well as board members and advisors, can be issued non-qualified stock options (NSOs). Profits on these are also known as non-statutory equity options which are regarded as ordinary income and are treated as such.

### Major Ideas

In ESO, there are two primary players, the grantor (employee) and the grantor (employer). The grantee may be an executive or an employee, also known as the optionee, while the grantor is the organization that hires the grantee. Equity compensation is awarded to the grantee in the form of ESOs, usually with some limits, one of the most important of which is the vesting duration. In order to be able to practice their ESOs, the vesting period is the amount of time an employee must wait. Why does it need an employee to wait? Since it provides the worker with an opportunity to do well and continue with the company. Vesting follows a pre-determined timetable that the company determines at the time of the grant of the option.

### Vesting

When the worker is permitted to exercise the options to buy the company’s assets, ESOs are deemed vested. Notice that when acquired with an option, the securities will not be entirely vested in some situations, despite the execution of the stock options, since the company may not wish to run the risk of workers making a fast profit (by exercising their options and selling their shares immediately) and then leaving the company.

If you have received an options grant, to assess the benefits applicable and conditions extended to staff, you must properly look over the equity options contract of the company, as well as the options policy. The stock options contract is written by the board of directors of the company and includes specifics of the rights of the grantee. The options policy will include important information such as the vesting timeline, how the ESOs will vest, grant-represented shares, and the strike price of your choice grant.

It could be possible to negotiate some elements of the options policy whether you are a key employee or executive, such as a vesting timetable where the shares vest sooner or a lower exercise price. Before you sign on the dotted line, it might also be worthwhile to negotiate the options policy with your investment advisor or investment manager.

Usually, ESOs vest in pieces at fixed dates over time, as set forth in the vesting plan.For example, you may be granted the right to buy 1,000 shares, with the options vesting 25% per year over four years with a term of 10 years. So 25% of the ESOs,

conferring the right to buy 250 shares would vest in one year from the option grant date, another 25% would vest two years from the grant date, and so on.

If the 25 percent vested ESOs are not exercised after year one, you will see a net rise in exercisable options. Thus, you will now have 50 percent vested ESOs after year two. In the first four years, if you do not exercise any of the ESO options, you will have 100% of the ESOs vested after that time, which you can then exercise in whole or in half. We had believed, as stated earlier, that the ESOs have a 10-year period. This means that you will no longer have the right to purchase shares after 10 years. Therefore, before the 10-year duration (counting from the date of the option grant) is over, the ESOs must be exercised.

### Receiving Stock

Continuing with the above example, let’s assume that after one year, you exercise 25% of the ESOs when they vest. This means that, at the strike price, you will get 250 shares of the company’s stock. It should be stressed that, irrespective of the real trading price of the stock, the record price for the shares is the exercise price or strike price stated in the options agreement.

### Reload Option

An organization can offer a reloading option in some ESO agreements. A reload tool to take advantage of is a good provision. With a reload option, when they exercise presently accessible ESOs, an employee may be granted further ESOs.

### Check Your Understanding

1. Which of the following is not usually a group incentive plan?
   1. Halsey Incentive Plan
   2. Priestman Bonus Plan
   3. Rucker Incentive Plan
   4. Towne’s Incentive Plan
2. Achieving cost saving not only on labour cost but also on overheads is the crux of
3. In method is the standard time expressed in terms of man-minutes called “MANT”.
4. is an example of fringe benefits?
5. incentive plans has the following equation for computing the earnings of employees? (Actual hours worked × Time rate) + (Actual time worked / Standard time) × Time saved × Time rate

### Summary

Under individual incentive system workers are paid on the basis of their personal performance. Their wages will be directly linked to their efforts. A worker may improve his remuneration by raising the level of output.

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There may be circumstances when individual performance may not be measurable. A number of persons may be associated in completing a task. The work of one person may be influenced by the work of the other. Under such conditions, incentives may be offered for raising group performance.

### Activity

Documentation for Group Incentives Plan for HR Policy Document

### Glossary

* **Priest man’s plan:** A standard production is fixed for the whole enterprise under this plan. If productivity exceeds the standard then bonus is paid in accordance with the increase.
* **Scalon plan:** This method is named after Joseph Scalon. There is a payment of one percent participating bonus for every one percent increase in productivity under this plan. The bonus is available to all workers except top management.
* **Co-partnerships:** The employees are offered shares of the enterprise at reduced rates in this plan. The payment is also collected in installments. The employees share profits of the enterprise as its members.

### Questions and Exercises

1. Explain Scanlon Plan.
2. Explain Rowan Plan.
3. Define Halsey Premium Plan.
4. What is Priestman Bonus Plan?

### Further Readings

* 1. [https://www.researchgate.net/publication/280309572\_](http://www.researchgate.net/publication/280309572_Team-based_incentives_)T[eam-based\_incentives\_](http://www.researchgate.net/publication/280309572_Team-based_incentives_) Creating\_a\_Culture\_of\_Collaboration\_Innovation\_and\_Performance

### Answers to Check Your Understanding

1. A
2. Rucker Incentive Plan
3. Hayne’s incentive plan
4. Leave facilities, Contribution to superannuation funds and Health & Accident Insurance
5. Rowan’s Incentive Plan

# Unit-4.6: Grievance Procedure and Handling

## Objectives

* To understand Grievance Procedure and Handling
* To know about the methods affecting Grievance Procedure and Handling

## Introduction

If it is an unequal paycheck, an unfavorable assignment, or sexual harassment, whether a person thinks they have been wronged, they will file a lawsuit with the company for which they operate. This is a standardized complaint process and usually has guidelines that must be enforced by the investigator.

Different firms have varying policies and regulations. Sometimes, in contracts, grievance processes are spelled out, and so they must be followed.

Ideally, organizations should review all grievances, but workers often do not care enough to enter into a systematic process, or casual complaints are dismissed by Human Resources (or boss or a grievance committee).

However, a grievance records that an issue remains. The employee will usually use the documents in court proceedings if the company does not address the issue. While no two firms ought to have the same protocol regarding complaints, here is a general guide to how they go.

A formal, written complaint is submitted by the employee. A business can have a form (online or on paper), or on email or freehand, the employee may write something. Regardless, grievances are official complaints that are published in general. An employee may make a verbal complaint, but then the employee’s comment will be written down by the HR person/supervisor, making a structured record.

Throughout the procedure, this document will be the guiding document. Although the employee will be interviewed (most likely) as part of further measures, the employee should have as much details as possible, including names and dates (approximate dates should be accepted.)

A formal investigation starts after the worker files the grievance. Depending on the form of complaint, how this happens can vary wildly. If the employee complaint is an erroneous paycheck, the dilemma can always be fixed within minutes with a call to payroll and a glance at the timecards.

When the allegation is that the person has been sexually assaulted by a senior boss, a prolonged inquiry will all be part of the investigation including multiple investigations, watching protection videos, auditing emails, etc. The boss or the HR person charged with the job may conduct certain inquiries personally, while others can need an outside specialist.

A conclusion is written by the investigator. For eg, with unpaid overtime, finding unprocessed time cards definitively indicates that the employee is right. This could be a black and white case. The inference could be in the grey zone in the case of discrimination or abuse.

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You might find that in a dispute with the plaintiff, the employee’s colleagues used racial epithets. Although, you can also point out that in the argument, the defendant also used racial epithets. What the claimant predicted may not be the conclusion.

It is possible to call a mediator in. This is also the case where the grievance procedure in a union or other partnership is dictated. The mediator tries to come to a consensus between both the worker and the company. In certain circumstances, before consulting with the mediator, the firm might have no formal conclusion. All parties bring their case to the mediator in this case, and the mediator aids them in seeking a solution.

In the case of a workplace contract, in formal grievance proceedings, the union also represents the employee. The union delegate (and probably a lawyer) will join the employee and plead their case in mediation.

There are ramifications. If a formal decision is reached through negotiations or the investigator makes a formal report agreed by the organization, some action is taken between the company and the employee. It could be an easy action, or anyone could risk their work.

The employee will take his claim to the courts if the employee is not pleased and there is no contract banning a legal action (some contracts require mediation to be the last word).

### Introduction and Definition of Grievance:

A grievance is any discontent or sense of deprivation linked to one’s job situation that is brought to management’s notice. Broadly speaking, a grievance is any discontent that impacts corporate ties and competitiveness adversely. It is important to differentiate between annoyance, complaint, and grievance in order to understand what a grievance is.

1. Dissatisfaction is anything that disturbs an employee, whether or not the unrest is expressed in words.
2. Complaint is a spoken or written dissatisfaction brought to the attention of the supervisor or the shop steward.
3. Grievance is a complaint that has been formally presented to a management

representative or to a union official.

According to Michael Jucious,’ grievance is any frustration or disappointment resulting from something associated with the business that an employee thinks, assumes or even considers to be unequal, unreasonable or unfair, whether articulated or not, whether legitimate or not.’

In short, a grievance is a state of discontent linked to the job situation, articulated or unexpressed, written or unwritten, justified or unjustified.

* + 1. **Grievance - the Concept**

The concern can be some actual or imagined feeling of dissatisfaction or oppression encountered by an employee about his work and its existence, management policies and procedures. The feeling of unequal discrimination on the job is employee grievance. There are several variables that make jobs miserable.

An successful grievance process provides a forum for workers to address matters of concern. Non-cooperation from fellow members, for example, or a negative comment referring to domestic relations will establish an unhappy working environment.

Finally, certain feelings of dissatisfaction or dissatisfaction contribute to complaints among employees. In all levels, there is not an organisation that runs smoothly. Before they become major concerns or result in lawsuits, the arbitration process can also help workers fix problems.

The following factors can result in grievances—

* Improper working environments, such as rigid quality requirements, insecure workplaces, weak relationships with managers, etc.
* Irrational practices for administration such as overtime, promotions, demotions, inappropriate arrangement of wages, etc.
* Violation of organizational rules and practices.

Employees have a lawsuit against their bosses in certain companies, which is known as employee grievance. Therefore, a complaint involving one or more staff at a time is a grievance. The concern may be linked to wages, working hours or employment conditions. The disappointment that an employee expresses is known as a complaint. That will then be the grievance until the case is lodged and taken to the attention of management. Therefore, employee complaints have arisen from the sense of unequal discrimination and differences in the standards and management practices of workers.

An important component of the employee partnership is a well-defined grievance process, since it provides a medium for communicating grievances to the management table.

Grievances are taken to the immediate boss of the employee. This may either be an informal process or the initiation of a structured process. There would usually be a provision for the grievance to be lodged in writing using a grievance type. The grievance would typically be discussed by the administrator and the union delegate to decide if it is legitimate. Many arbitration processes may often enable the submission to take place within a defined period after the case or occurrence.

Employee lawsuit is also a formal complaint that concerns one or more people at a time in regard to wages, working hours, a job climate situation, promotions, advancement, etc., and is officially informed to the administration.

### Grievance procedures; the pros and cons

As with everything, having a grievance procedure in place comes with its own set of pros – and cons both for the employees and the organization they work for. Let’s start with the benefits.

### Pros

* It is set and formal to the procedure. They know what actions the company will take when an employee files a complaint.
* It registers the grievance and the subsequent finding.

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* Written filings make it impossible for corporations to ignore complaints or reject them. They can’t tell, “Oh, we didn’t know there was a problem with racial discrimination,” so there’s going to be documentation.
* The procedure can be very straightforward (but should not have to be), allowing the plaintiff to know exactly how the business reached its decision.
* In union cases, the individual will be served at no cost to themselves by a skilled union delegate or solicitor, balancing the playing field a little.
* In terms of cons, you can think of the following examples:

### Cons

* The structured procedure will prevent workers from worrying about small things, even though they can be fixed by the boss or organization. If not written down, it can may prevent a boss from taking a report seriously.
* The inquiry and settlement will take a long time and stretch a situation out indefinitely, based on protocols and contracts.
* The processes can be used by an individual to slow down an organisation and produce unnecessary paperwork. Since laws often mandate any allegation to be reviewed and often forbid retribution against the complainant, it may be used to target a person or corporation.
  + 1. **Causes of Employee Grievances**

Grievances may occur due to a number of reasons:

### Economic:

Employees can request individual pay changes for themselves. When opposed to others, they can believe like they are paying less. For example, Late bonuses, payments, overtime salary changes, alleged care inequalities, demands for fair pay, and appeals against performance-related pay awards.

### Work environment:

There could be undesirable or unsatisfactory working environments. For example, Light, Space, ventilation, or inadequate physical conditions in the office, unreliable instruments and machinery, poor material quality, unjust regulations and lack of recognition.

### Supervision:

It may be objections to the general methods of management pertaining to the supervisor’s behavior towards the employee, such as alleged notions of racism, favoritism, nepotism, caste affiliations and regional feelings.

### Organizational change:

Any change in the organizational policies can result in grievances. For example, the implementation of revised company policies or new working practices.

### Employee relations:

Employees are unable to adjust with their colleagues, suffer from feelings of neglect and victimization and become an object of ridicule and humiliation, or other inter- employee disputes.

### Miscellaneous:

These may be issues relating to certain violations in respect of promotions, safety methods, transfer, disciplinary rules, fines, granting leaves, medical facilities, etc.

## Grievance Redressal Mechanism

When addressing a grievance, the following points are important to keep in mind:

* + - 1. Each complaint must be granted due respect and deemed to be relevant.
      2. A grievance should not be deferred in the expectation that citizens themselves can “see the light”.
      3. It is important to place a petition in writing.
      4. Management should collect specific information about a grievance and preserve

their correct documents.

* + - 1. To pursue his complaint, the worker should be given free time off.
      2. Management should take a list of all solutions and later evaluate them one by one in term of their total effect on the organisation.
      3. Decision once reached should be communicated to the employee and acted upon by the management.
      4. Follow-up must be done by the management to determine whether action taken by it has favourably changed the employee’s attitude or not.

### Grievance – Essentials of a Good Grievance Redressal System: 7 Key Points

A good grievance redressal system should accommodate the following essentials:

1. Timely Action – Management should ventilate the grievances as and when they arise. They should be nipped in the bud. For this purpose, supervisors should be trained in recognizing and handling the grievances promptly.
2. Acknowledgement of Grievance – Once the grievance is filed, management

should register it and grievant should be assured that it would be attended to.

1. Identifying the Problem – The supervisor has to diagnose the problem.
2. Collecting Facts – Once the problem is figured out, the supervisor should collect all relevant facts and profile relating to the grievance.
3. Analyzing the Cause – Supervisor has to get to the root of the problem. It involves studying various aspects of grievance like employee’s past history, frequencies of occurrence, management practices, union practices etc. Thus, identification of the cause helps the management to take remedial actions.

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1. aking Decision – Various alternative courses of action are worked out. These are evaluated in view of their consequences on the aggrieved employee, the union and the management. Final decision suited to a given situation is arrived at.
2. Implementing the Decision – The decision taken should be communicated to the grievant and implemented by the authority.

Step – 1 – Aggrieved employee explains the grievance to the immediate supervisor. He may meet the officer personally or he may be accompanied by union representative. The supervisor takes suitable action. If the aggrieved employee is satisfied, the matter is over. Otherwise he may go to the next step.

Step – 2 –The aggrieved should speak with the head of the division or the head of the department or the HR department delegate. The officer concerned then offers his opinion, under a defined timeframe, to take account of all the related evidence.

Step – 3 – If the grievance is not settled to the complainant’s utter satisfaction, the matter is referred to the grievance committee represented by the management and the union. The members of the committee deliberate on the issue and, on a majority basis, arrive at a conclusion.

Step – 4 – If the decision awarded by the grievance committee is not acceptable to the grievant, the matter is referred to arbitration.

Step – 5 – It is the last step in the procedure of grievance. With the joint consent of the management and union, an arbitrator is nominated. The parties must all accept that they are bound by the arbitrator’s ruling.

Just as the administrative process is used when companies have reason to worry about an individual’s conduct, so it involves a parallel method even where an employee has cause to complain about the company. This helps reduce small disputes that cause big clashes, and can also boost the retention of staff.

A systematic grievance redressal procedure must have the following features:

1. It should be simple, fair and easy to understand.
2. It should be in writing.
3. It should specify to whom employees may take a grievance in the first instance (normally their immediate boss), and that they have the right to be accompanied by a colleague or a trade union representative.
4. It should encourage employees to put forth their grievances.
5. It should state where, in the event of the grievance remaining unresolved, an employee should then address his complaint.
6. It should specify time limits within which the aggrieved employee can expect to

be notified of the outcome of his complaint.

1. It should have regular meetings of the grievance committee; and a record of proceedings properly minuted should be sent to all the parties.
2. It should gain employee confidence.
3. It should promote healthy relations between employee and the company.

As in the case of administrative action, the spirit in which this process is conducted is highly significant; and equally important is the amount of time and commitment that management is able to devote to efficiently and successfully coping with complaints.

Based on the size and the number of workers, the specifics of the grievance process and the number of steps in it can differ from organization to organization. There can be as little as two phases to the process or as much as ten as well. The grievance method can be a form of step-ladder or an open-door type.

Grievances with top management should be followed up immediately, rather than across the stages, through the open-door strategy. Which is helpful if an employee feels that he is being treated unfairly by his superior, or has taken a bad decision, or if he thinks the organization is making an error with new policies or procedures.

There are at least three aims and implications of the grievance process. Next, it can avoid significant issues from happening in the future by fixing minor problems at an early stage. Second, an overview of complaints acts as a repository of evidence to concentrate the attention of the two sides at a potential date on ambiguities in the deal for negotiation.

Lastly, the grievance process is an effective channel for upward communication.

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# Unit-4.7: Discipline, Attrition and Retention

## Objectives

* To understand the concept of Discipline, Attrition and Retention
* To know about the methods and process opted by Management to maintain Discipline, Retention and Attrition

## Introduction

The backbone of good industrial relations is professionalism. Promoting and sustaining work discipline is necessary for a company to work smoothly. Employee morale and industrial harmony are undoubtedly correlated with the proper protection of order. Disciplinary action will also assist the worker to become more competitive. One individual’s behavior may impact others in the group.

The aim is to explore what discipline is, what the different facets of employee discipline are, and how it is possible to obtain positive discipline. We may also discuss the steps and how to deal with indiscipline inherent in the administrative process.

We also have varying impressions of what the word discipline entails. As a teen, your parents may have disciplined you for what you’ve done wrong. You may have known better, but anyway, you did it. Maybe you were hoping your act would go undetected. You could not have known, at other moments, that what you did was wrong. Judicial action on these times may have taught you not to repeat certain actions.

In a related way,’ Discipline’ in the Company relates to the self-control and productivity of the condition of the individual in his role. This shows the rise in real team work. In an organization, discipline means a state of order. It implies proper recognition of the subordinate hierarchical superior relationship. Willing participation and conformity with the organization’s laws form the core of discipline.

In its positive sense, discipline must be taken into account, i.e. ‘Training of mind that produces character, orderliness and quality of self-control.’ It means retribution as well. Yet there is a common perception that the primary facets of discipline in an enterprise are adherence to laws and retribution for their violation. Rules and laws are important for civilization to survive. When their benefits are recognized and accepted, they are usually detected.

What will attrition be? Attrition is a decrease of workers for purposes that are voluntarily or involuntary. Employee turnover is also seen as an unavoidable cost of doing business with major companies such as call centers. As a result, because of the misguided belief that high employee turnover is unavoidable in these conditions, they do not quantify the attrition rate. Call centers can also be demanding workplaces, with large numbers of clients to contend with in a short period of time, and it takes workers with the right collection of core competencies to suit the job and be genuinely effective.

## Discipline - the Concept

Discipline is an employee’s disciplined behavior in an expected manner. It is the power or fear of a force that discourages a person or a group from doing actions that

are counterproductive to the achievement of group goals. In other words, discipline is the disciplined actions of an organization’s participants who adhere to its laws and regulations because they wish to participate harmoniously in sending the group’s target forward.

Good discipline ensures the workers are able to comply with the laws of the organization and executive orders and work in the desired way. Discipline means in a worker’s actions the lack of disorder, irregularity and uncertainty. According to Calhoon,’ Discipline is a force that induces persons or organizations to obey laws, regulations and procedures that are considered necessary for an organization to work effectively.’

Violation of rules, legislation, policies and practices is known as misconduct, i.e. any act that is inconsistent with the performance of the expressed and implicit terms of service or is specifically linked to the employer’s and the employee’s general partnership has a direct effect on the happiness or comfort of men at work or has a material impact on the smooth and productive operation.

With corporation requires the actions of its workers to be in compliance with the framework it has prescribed to accomplish its organizational objectives. Therefore, in short, punishment is disciplined behavior in an expected fashion by the employee. The purpose of discipline is to motivate staff to act sensibly at work, that is, comply with laws and regulations. Disciplinary action is provided for anytime one of the rules is broken by an employee.

Richard D. Calhoon-”Discipline is the force that motivates individuals or groups to follow the rules, regulations, norms and procedures deemed necessary for an organization.” Discipline ensures that the corporate members who specifically adhere to the basic rules and regulations consistently administer the enterprise.

Such staff/organizational members work together as a team to fulfill both the organizational mission and vision, and they fully realize that the goals and expectations of the leader and community must be balanced to achieve organizational progress.

A disciplined employee will be coordinated and an organized employee will always be disciplined. The behavior of workers is the foundation of discipline in an organisation. Discipline ensures that the code of ethics defined by the association is verified. Productivity and profitability are ensured by discipline in an organisation. It promotes unity and teamwork among staff as well as acts as a moral booster for the workers.

## Positive Discipline and Negative Discipline

Discipline-positive thoughts and pessimistic concepts are two concepts. Positive discipline indicates a sense of responsibility to obey the laws and regulations. It can be done as management, along with appropriate leadership, applies the concepts of positive motivation. It is also known as mutual or determinative disciplinary disciplines.

It includes establishing an environment in companies that workers may voluntarily adhere to the rules and regulations that have been developed. Positive discipline does not substitute justification, but extends reason to the pursuit of a shared purpose, according to Spriegel.

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Positive discipline does not limit the individual, but encourages him to have greater freedom by enjoying a greater degree of self-expression in trying to attain the purpose of the community he defines as his own.

Here, the principle of personal superiority, machine thought and conceptual model by Peter Senge is applicable. System thought requires a change in mind from seeing part to seeing the whole, from seeing individuals as powerless reactors to seeing them as active partners in defining their existence, from adapting to the current to building the future, personal supremacy, which involves cultivating the self with a dedication to fact.

Mental representations are our world experience. A creative degree of self- discipline is assumed by the optimistic definition of discipline. The idea of discipline is connected to the concept of “self-actualization” at work, which reflects the happiness of workers requiring greater order.

Negative discipline is, on the other hand, known as coercive or corrective discipline. It uses fines or suspensions to compel staff to obey laws and regulations. The aim is to make sure that the laws and regulations are not broken by workers. Techniques such as fines, reprimand, demotion, layoff, relocation, etc. are used in detrimental corrective action.

Negative discipline requires daily monitoring, allowing precious time to be lost. Disciplinary behavior means retribution in the derogatory conception of discipline. Punishment often creates anger and aggression. However, satisfying consequences can not be achieved if discipline is only interpreted in terms of power and punishment.

Management should continue in a sequential way, viz., thus practicing negative discipline. Oral reprimand, verbal reprimand, notice, termination on a temporary basis, expulsion or discharge.

### Type # 1. Positive Discipline:

In a company, positive discipline is an area of shared trust and collective interest in which all workers understand the rules of the company as well as the priorities and do everything they can to support them. The foundation of every disciplinary policy is that all workers have a good idea of precisely what is required of them. This is why there must be a succinct collection of rules and norms that are equitable, simple, practical and conveyed.

Discipline takes the form of constructive feedback and affirmation for accepted behaviors and its purpose is to encourage the person to shape and improve his conduct in a disciplinary and encouraging way.

Once the standards and rules are known by all employees, discipline can be enforced equitably and fairly.

A few guidelines for establishing a climate of positive discipline are given below:

* + - 1. There must be rules and standards, which are communicated clearly and administered fairly.
      2. Laws and expectations must be fair and should be conveyed in such a manner that all workers know and understand them. With communicating laws, an employee manual will assist.
      3. Employees are required to adhere to it while a law or a standard is in place.
      4. Even if there are laws, citizens should recognize that if the law is extremely harsh by a personal circumstance or a special circumstance, the regulation may be changed or an exception given.
      5. Favourites and benefits can not be given only if they can not be granted under

equivalent situations to all workers.

* + - 1. Employees ought to be mindful that they may and should communicate frustration with any policies or requirements that they deem to be unfair, as well as with working environments that they find unsafe, unhappy or burdensome.
      2. Without approval, workers should understand the implications of violating a rule.
      3. Employees should be consulted when rules are set.
      4. There should be recognition for good performance, reliability and loyalty. Negative comments, when they are necessary, will be accepted as helpful if employees also receive feedback when things go well.

### Type # 2. Negative Discipline:

Negative discipline is usually viewed as a kind of check or constraint on a person’s rights. To apply to the act of enforcing punishments for bad conduct, punishment is used. Whether employers should not obey the laws, they are punished. The anxiety about retribution gets the employee back on track.

“Discipline is the force that encourages an individual or a group to comply with the rules, regulations and procedures that are considered necessary to achieve an objective.”

### Employee Discipline – Nature and Characteristics

Nature of Discipline:

According to Megginson; discipline involves the following three things:

* + - * 1. Self-discipline means that with a commitment to accomplish the goals he has set for himself in life, a person brings discipline within himself.
        2. Orderly conduct refers to discipline as a prerequisite for an organization’s orderly conduct to occur.
        3. To discourage indiscipline, retribution is used. If a worker goes astray with his

conduct, he must be fined for the same, as it must avoid recurrences.

* + 1. **Reasons of Indiscipline**

The important causes of indiscipline are analyzed under three heads:

1. Organizational Factors
2. Individual Factors
3. Environmental Factors.

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### Organizational Factors:

* 1. Where the company struggles to evaluate human attributes such as personality, obedience, tolerance and inquisitiveness before hiring employees, it may end up hiring employees who question any management decision. This might spawn indiscipline.
  2. The lack of a code of ethics for workers will disorient them by sowing seeds of indiscipline.
  3. Where an employee has been recruited for a position for which he has little skill or personality, he would definitely grow ill-feelings. He will find the work uninteresting and do it all to escape transparency.
  4. Ineffective leadership characterised by authoritarianism and incompetency, and distrustful relations with employee fuel indiscipline among the employees.
  5. Indiscriminate use of penal provisions triggers reactionary group indiscipline.
  6. Discipline is vitiated by favoritism and nepotism exercised by managers.
  7. The work climate is spoiled by divisive strategies followed by management and the creation of an illegal spy network, thus creating indiscipline.
  8. Biased performance appraisal on caste, creed, color, ethnicity, religion and area factors induces ill-feeling and a sense of injustice among workers that culminates in indiscipline.
  9. The lack of a grievance resolution system frustrates workers, thereby causing indiscipline among them.

### Individual Factors:

In an organisation, interpersonal differences created by schooling, experience, morals, behaviors, opinions, knowledge, appearance, etc., lead workers to act differently. Therefore, certain people agree with behavioral laws and norms in a far greater way than others.

Individual features that lead to indiscipline behaviour are as follows:

* 1. Individuals with non-conformist values tend to engage in indisciplinedbehaviour.
  2. Every individual perceives reward and punishment differently and react to it accordingly. When the reward is not commensurate with his expectation, he may feel frustrated and indulge in indiscipline.
  3. Individuals differ in work ethics. Those with high ethical values tend to be committed and involved in the jobs while those with low ethical values show alienation to their jobs and exhibit negative behaviour.

### Environmental Factors:

As an organisation is also one of the representatives of society, organizations show the professionalism practiced by society. In the home, educational establishments, democratic structure, religious institutions, the destruction of the process of social order, etc., indiscipline prevails, throwing its ugly shadow over the organizational environment.

* + 1. **Procedure for Disciplinary Action**

There are four general types of disciplinary actions available when employees fail to meet expected levels of performance or conduct:

### Verbal Counseling:

This is normally the first step in the disciplinary proceedings taken against an erring worker. Before proceeding to the next phase of the disciplinary process, an employee will undergo multiple written alerts. For a serious issue, however, managers might miss this phase. It is still important to execute verbal alerts calmly, critically and privately.

It is a good idea to have a second manager or officer present during the verbal counseling as a witness. Verbal counseling sessions should be documented by a formal memo or informal note in the employee’s personnel file.

### Written Warning:

A verbal alert is usually followed by this phase. As in a spoken counselling session, the boss or supervisor may consult with the employee and his representative (if applicable), but the employee should be given a detailed written notice to be allowed to revisit it. As with verbal therapy, as a witness, a second boss can be present.

The written alert should include a spot for the employee to sign, acknowledging that, irrespective of whether he or she agrees with the substance of the warning, he or she has issued the warning.

If the worker refuses to sign, another boss or superior should be named as a witness to observe that the notice was given to the employee who declined to sign it, and the warning should be signed by that witness.

An effective written alert should, at a minimum, contain the following elements:

* 1. The date of the warning
  2. The employee’s name
  3. The name of the manager or supervisor administering the warning
  4. A statement depicting the details of the misconduct or inadequate performance of the employee
  5. The date of the misconduct or poor performance (if appropriate)
  6. A signature line for the manager or supervisor
  7. A signature line for the employee
  8. A signature line for a witness, if the employee refuses to sign
  9. A formal “action plan,” depending upon the nature and severity of the offense. A formal disciplinary action plan may include the following additional elements,

namely:

* + 1. A statement of the policy, rule, or practice that was violated.
    2. The steps which the employee agrees to follow in order to correct the problem or meet the desired level of performance, attendance, or behaviour.

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* + 1. Any commitments of assistance or support that the manager or supervisor has made.
    2. The time frame to be followed in achieving the goal of improved performance, attendance, or behaviour.
    3. The consequences that will occur if the performance, attendance, or behaviour

is not improved within the specified time frame.

### Suspension:

Depending in the situation, this may vary from one day to two weeks or more and is nearly always unpaid. Any employers will position workers on one day of compensated “decision-making” leave under rare situations as a means to allow the employee to think about the future of his jobs.

However, compensated suspensions can be interpreted as a “reward” for negative behavior, which can thus have a detrimental impact. Many managers, for this reason, favor unpaid suspensions.

Some employers will progress immediately from the first suspension to termination for the next offense, while others will attempt to correct the employee’s performance or behaviour with multiple suspensions of increasing length (e.g., 1-day, 3-day, 5-day, 10-day, etc.). As a general rule, each suspension should be longer than the last, with termination as the final result.

### Termination:

A manager may review the employment file and other related documentation before dismissing an employee to decide if the firing is reasonable and defensible in a potential lawsuit, provided the facts and circumstances. Furthermore, he can therefore guarantee that equally positioned jobs have been handled in the past in a comparable way. Automatic dismissal deserves any conduct.

These include those of:

1. Violent behaviour or threats of violence
2. Drug and alcohol use on duty
3. Carrying a weapon on company property
4. Disregarding safety rules and regulations
5. Theft, destruction of company property, or falsifying documents
6. Insubordination
7. Abandonment of job (no call, no show for three consecutive days). The procedure for taking disciplinary action involves the following steps:
   1. Preliminary Investigation: First of all a preliminary enquiry should be held to find

out the misconduct behaviour or situation.

* 1. Issue of a charge sheet: Once a misconduct or indiscipline is identified, the authority should proceed to issue of charge sheet to the employee. Charge sheet is merely a notice of the charge and provides the employee an opportunity

to explain his conduct. Therefore, charge sheet generally called as show cause

notice. In the charge sheet each charge should be clearly defined and specified.

* 1. Suspension Pending Enquiry: In case the charge is grave a suspension order may be given to the employee along with the charge sheet. According to the industrial employment (Standing orders) Act, 1946, the suspended worker is to be paid a subsistencemallowance equal to one-half of the wages for the first 90 days of suspensions and three fourths of the wages for the remaining period of suspension if the delay in the completion of disciplinary proceedings are not due to the workers conduct.
  2. Notice of Enquiry: In case the worker admits the charge, in his reply to the charge sheet, without any qualification, the employer can go ahead in awarding the punishment without further enquiry. But if the worker does not admit the charge and the charge merits major penalty, the employer must hold enquiry to investigate into the charge. Proper and sufficient advance notice should be given to the worker of the enquiry.
  3. Conduct of Inquiry: The inquiry should be conducted by an impartial and responsible officer. He should proceed in a proper manner and examine witnesses. Fair opportunity should be given to the worker to cross- examine the management witnesses.
  4. Recording the findings: The enquiry officer must record all the conclusion and findings. As far as possible he should refrain from recommending punishment and leave it to the decision of the appropriate authority.
  5. Awarding Punishment: The management should decide the punishment on the basis of finding of an enquiry, past record of worker and gravity of the misconduct.
  6. Communicating Punishment: The punishment awarded to the worker should be communicated to him quickly. The letter of communication should contain reference to the charge sheet, the enquiry and the findings. The date from which the punishment is to be effective should also be mentioned
     1. **Reasons for Attrition**

Attrition of staff effects both high and low performers alike. In personnel turnover, there are two sides: positive and negative. When low-performing employees leave willingly or are fired, positive turnover happens. However, it is recognised as negative turnover when top-performing workers responsible for driving sales and rising revenue become demotivated and start searching for an exit. Negative retention means a wider, more significant concern within an organisation.

Some of the more popular explanations for attrition and how to increase attrition rates are given below.

### Poor Training Can Cause A High Attrition Rate

According to go2HR.com, during the first year, 40 percent of staff who undergo inadequate career preparation exit their jobs. Often, there is pressure to compress training systems in contact center settings so that new employees can start managing

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calls more efficiently. Training, in turn, is usually quick and full of knowledge such that workers can start helping clients and one way for call center managers and supervisors to reduce employee turnover problems is to establish a smoother transition time between training and independent job results.

Additionally, creating an operating environment with a higher supervisor-to- employee ratio helps ensure employees will have the support, direction and guidance they need to perform well.

### Poor Management Increases Employee Turnover & Increases The Attrition Rate

Revenue is created by success in sectors around the board, and performance is primarily about people. Driving year-over-year returns includes investment in staff, especially in positions of leadership. One survey performed by FurstPerson explains as much as possible, illustrating a connection between the tenure of a director and the turnover of workers.

The study indicates that call and touch centers with executives who work longer appear to have workers that often hang around longer and record higher retention rates.In fact, directors with five or more years of tenure reported average monthly attrition rates that were 247% lower than directors with less than two years of tenure.

As they say, employees leave managers, not companies, and taking the time to properly invest in leadership ultimately benefits the bottom line.

### Lack Of Growth And Advancement Opportunities Is A Reason For Attrition

They end up losing talented staff and maintaining mediocre performers (also known as the “dark side” of retention) if organizations do not provide growth and improvement opportunities for competent and ambitious personnel. One way to better inspire certain high-performing workers to stay around longer is to provide upward career mobility.

### Inaccurate Job Profiles Contribute To Job Turnover And Attrition Rates

Job descriptions describe the qualifications needed for a role, as well as what kind of atmosphere applicants can expect. If an employer has not taken the time to create a recruiting profile that truthfully outlines the job specifics, they run the risk of disappointing eligible candidates by failing to meet their commitments or hiring applicants who do not have the right skill set to excel in the role. An retention challenge is generated by these actions or lack of actions.

Honesty really pays off for the career seeker and the organisation, considering the high cost of employee turnover.

The easiest way to eliminate these kinds of scenarios is to be truthful about the data contained in the job description, such as the change the workers will be employed, what prospects for promotion will be open and where, and how much stability staff will have.

Attrition is not an entirely inevitable problem, but it can be solved as early as the recruiting process. Next, measure the retention rate so that management truly knows

the topic of job productivity being debated. Then create a well-rounded and data-driven recruiting process to target work applicants with the qualifications needed to perform well.

* + 1. **Managing Attrition in Organizations**

The common activities that are carried out in the business are the easiest ways to manage staff attrition-managing things at work / hiring new workers / inspiring employees. There are a lot of challenges that businesses face from time to time, no matter how large and powerful the business is.

The Workforce Turnover is one of the big challenges that any company faces regardless of the work field. To monitor the increasing employee turnover rate, proper solutions and ideas are required.

The income for a huge number of people is more than just a job. It is an integral part of one’s self. Therefore, the most upsetting events in life are a change of some kind in the profession. As a lot of money, time and resources is expended in having the employee on board, incorporation and assimilation into the company’s principles, history, and complexities, the cost of employee turnover is exceptionally high. Simply put, it will be at least 3 times the annual pay rate.

Regardless to such a high-cost HR specialist, like every other agency, they have to function like an indispensable department. HR’s job is not just staff administration or policing.Yet the expectation from HR is to play the role of strategic business partner as the success ofcompanies depend on the human capital and leverage of their potential.

Tips to deal with the employee attrition

By following some simple and straightforward policies one can control the attrition in their organization. The Retention tools are as follows:

### #1 – Offer equitable and modest salaries

Fair compensation alone would not ensure the employee’s commitment, but paying salary below the market makes it more likely that the employee will search for a position at any other location. According to the report, if the wage lags behind more than 10 percent in equivalent jobs in other industries around town, the worker is more likely to bolt. To retain the workforce, periodically perform pay assessments for all the work titles that you give- seasoned employees, employees at the entry level and employees at the supervisory level. Compare the department’s pay with accurate, statistical averages.If there are substantial differences, the company needs to consider making adjustments to assure to stay in the line with the marketplace.

### #2 – Note that benefits are imperative as well

Even if incentives are not the primary incentive for the employee to stick with the company, it is not possible to mark the benefits provided by you worse than the benefits offered by your rivals.

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### #3 – Train your front-line managers, supervisors, and administrators

It is also well known that individuals leave or stay because of their superiors and not because of the organisation. For the happiness and longevity of the staff, a successful manager-employee relationship is important. Make sure the administrators of the company should not scare the technologists further. Provide them with the requisite preparation necessary to improve organizational skills and effective oversight of individuals.

### #4 – Define the responsibilities and roles clearly

Make a formal job description in your agency for each position or title. Ensure that the employee knows on a regular basis what is required of them, what kind of decisions they are permitted to make on their own and to whom they need to report.

### #5 – Offer opportunities for adequate advancement

Implement a career ladder to encourage workforce satisfaction and ensure that staff are conscious of what they need to do to achieve advancement. Performance evaluations are performed on a daily basis to determine the strength and deficiency of the staff. Enable them to develop the places that will lead them to pursue success in their jobs. A proper schedule for career advancement offers the worker an incentive to stick around.

### #6 – Provide retention bonuses instead of a sign on bonuses

The employee’s longevity is usually awarded an annual rise and extra sick time after the three, five, or ten year mark. Nevertheless, why not offer such benefits based on seniority, such as paying membership in the employee’s trade organization after a year, maximum reimbursement to a nearby gym for the uniforms and membership. Retention packages may be structured to increase the wages of technologists who in additional specialist fields convert into qualifications, carry on more tasks or receive additional education. Because of sign-on incentives, technologists are allowed to hop from work to job, while longevity offers provide excuses to continue.

### #7 – Make someone responsible for retention

Measure the turnover rate of the company and hold someone accountable for reducing it. In several workplace, no one is held responsible when employees leave, so nothing is done to encourage holding.

### #8 – Conduct survey about employee satisfaction

When you ask for it, you won’t be able to grasp what is going right or wrong in the company. An anonymous survey linked to employee happiness is performed on a regular basis to verify the working of the organization. Ask the worker what they expect from fewer and what they want from more.

### #9 – Adopt an environment of teamwork

To build an effective team a lot of efforts needs to be taken. However, the result is greater productivity, improved customer service, better utilization of resources and increased morale

* + 1. **Employee Turnover and Retention Policies**

Employee retention management requires concerted steps to retain workers engaged and focused so that they continue to be working and completely effective for the organization’s benefit. In both hiring and retaining key workers, as well as in reducing turnover and its associated costs, a robust employee engagement policy will play a critical role. All of these contribute to the efficiency and overall economic success of an organisation.

Practices that lead to retention exist in all aspects of HR, and to create and execute multifaceted retention techniques, all positions within a company may need to work together.Broad-based and targeted strategies, or a combination of both, may be appropriate depending on the circumstances.

### Effective practices

Effective practices in a number of areas can be especially powerful in enabling an organization to achieve its retention goals. These areas include:

Recruitment: Recruitment activities may have a direct impact on turnover, and extensive evidence indicates that providing recruits with a practical job preview during the recruitment process has a significant impact on the retention of those potential workers. See New Hires Miss out when expectations are not fulfilled by the position. Socialization. Among the new workers, turnover is also high. Practices of socialization, delivered by a proactive onboarding and assimilation program, will help new employees become integrated in the organization and thereby remain more likely to remain. These strategies include reciprocal and individualized learning opportunities, structured and casual events to help individuals get to know each other, and the assignment of more- seasoned workers as role models for new recruits. See Emerging Adults Reducing New Job Turnover.

Training and Development: If employees are not given opportunities to continually update their skills, they are more inclined to leave. See A Personalized Approach to Corporate Learning.

Compensation and rewards. Pay levels and satisfaction are only modest predictors of an employee’s decision to leave the organization; however, a company has three possible strategies:

1. Lead the market with respect to compensation and rewards. See Building a Market-Based Pay Structure From Scratch.
2. Tailor rewards to individual needs in a person-based pay structure.
3. Explicitly link rewards to retention (e.g., tie vacation hours to seniority, offer retention bonuses or stock options to longer-term employees, or link defined benefit plan payouts to years of service).

See Employers Alter Benefits to Attract, Retain Employees, SHRM Finds and Leveraging Benefits to Retain and Recruit Employees.

Supervision: Several studies have suggested that fair treatment by a supervisor is the most important determinant of retention. This would lead a company to focus

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on supervisory and management development and communication skill-building. See Creating a Supportive Workplace.

Employee engagement: Engaged workers are pleased with their work, love their job and the company, think their job is important, take pride in their industry, and think their employer values their efforts. One research showed that strongly engaged workers were five times less likely to leave than non-engaged employees.

Broad-based strategies: Broad-based methods are aimed at the whole enterprise or at large subsystems and are designed to combat total retention rates. Examples include offering market-based pay raises across the board, modifying the procurement process to implement retention-related requirements and enhancing the work climate.

The details necessary to assist a business decide which broad-based approaches to adopt usually come from three places:

* Analysis into retention will shed useful light on the key attrition generators. Conference participation and membership in professional organizations such as SHRM may provide access to the latest attrition and retention research.
* Effective practices encompass the strategies that other organizations are using and are finding effective or ineffective.
* Benchmarking surveys can provide information about how a company compares to competitors on issues such as pay, benefits, bonus plans and the like.

### Targeted Strategies

Data from many primary outlets, including corporate exit interviews, post-exit interviews, remain interviews, workforce focus groups, predictive attrition surveys and other observational studies, are focused on targeted strategies. This knowledge will lead a company to identify where an issue resides more precisely and to develop highly applicable and linked solutions to tackle the problem. For instance, if women professionals left the company in large numbers, a business might investigate common reasons women offer for leaving a business and establish methods to deal directly with this category of employees.

* + 1. **Elements of a Retention Strategy**

A productive approach for employee engagement may be crucial to the broader human resource management strategy of an organization. Here’s a look at five elements that you can incorporate to help create a systematic plan for employee engagement in your company.

According to the Society for Human Resource Management, “robust recruiting trends are forcing organizations to rely more on workforce retention (SHRM). A recruiting policy for staff may also be central to the workforce acquisition and human resource management techniques of an organization. When organizations try to actively tackle job retention, deciding the right way to go forward can be difficult.”

Here’s a look at five elements you can implement to help build a comprehensive staff retention strategy at your company.

### Better Recruiting from the Beginning

In the recruiting process, a winning retention plan begins. Although you should concentrate on recruiting the most suitable employee for every job, during the interview process, businesses with strong retention records often prioritize a long-term match. What are the long-range job plans of the applicant and is your business willing to deliver those opportunities? Is a nominee a good cultural match for the aims, ambitions, and work style of your business? Is there a consistent track record for the candidate, or does he or she often seem to change jobs? Businesses may have greater leverage over employee satisfaction when searching for a strong match from the outset.

### Training Your Managers to Foster Retention

One of the most significant aspects of the employee management plan of your company might be the supervisors. Staffs don’t leave firms, as the saying goes; they leave bosses. It can be an essential step in improving employee relations and help the executives appreciate their role in employee retention. Ensure that the supervisors understand why a strategic goal is retention. Emphasis on educating management in basic skills that encourage a healthy working atmosphere and constructive partnerships. Talent is more likely to remain as leaders set a great tone.

### Measure and Support Engagement

Employee engagement is another critical component of a long-term retention strategy. Employers can foster engagement in some ways , like demonstrating that you simply value employees’ work and ensuring that they understand and work toward the company’s mission. Investing in team-building and powerful relationships throughout the corporate can also be important for keeping your workforce connected and engaged.

### Show Recognition in Multiple Ways

Recognizing the contributions of employees and showing that they are valued is feasible in many ways: compensation, benefits, and bonuses could also be the foremost traditional. Yet employee recognition programs that provide awards, VIP parking spaces, small gifts, and other public acknowledgements of employment well- done can also have a positive effect on employee retention.

### Frame the Long-Term Career Trajectory

Employees are more likely to remain with companies where they know the likelihood exists to grow their careers. Help candidates understand where each position can lead. Take the time to seek out out what employees’ goals are and discuss different strategies for achieving them, from allowing them to require on more responsibility to helping defray the value of their education.

Employee retention is a crucial a part of a successful human capital management strategy. By that specialize in elements like growth opportunities, hiring the proper staff, training your managers, and investing in employee engagement, companies can see employee retention rates rise even in today’s tight market.

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## Benefits of an Effective Retention Strategy

Every HR team has particular priorities for employee management. Maybe you want to reduce the cost of work, avoid wasting too much time on recruiting, or find a way to improve employee involvement. Employee retention is an ideal option for all of these targets (and much more). Let’s analyze just how.

Businesses can benefit in a wide variety of ways when they focus on employee retention. These include:

* Reduced Turnover Hassle
* Improved Morale
* Reduced Acquisition and Training Time
* Dedicated Company Experts
* Increased Overall Productivity
* Better Customer Experience
* Reduced Costs

If you’re already convinced of the importance of retention, we’ve also provided some of the top strategies.

### – Employee Retention Reduces Turnover Hassle

Employee turnover is a normal part of any organization, but for any HR staff, high turnover can be a headache. It takes a large chunk of the time to handle and employee who leaves, not to mention the time you spent looking for their replacement - waiting for applications, interviewing candidates, holding interviews, and continuing that process more than possibly.

Although it is important to substitute the missing employee with both of these items, there is a simpler way. Focusing on the retention of staff up front will help reduce the hassle and loss of time all around.

### – Employee Retention Improves Morale

When employees see their friends and co-workers leave it creates a poor work environment, which ends up impacting your workforce’s morale(https://www.bamboohr. com/blog/make-an-employee-retention-plan).

Low retention of employees not only affects the working atmosphere, but it is also costly. On average, it will cost 50 percent of their compensation to lose an entry-level employee.

Consistent changes in employees make it impossible to build the sort of long- lasting partnerships that can make a career even more fun. In reality, employee satisfaction is 23.3% more associated than direct bosses to interactions with colleagues.

Focusing on employee retention, however, implies developing a squad of committed, optimistic personnel. Employees who work longer with a business often:

* Establish stronger relationships with their peers at work.
* Enjoy having more success and pay-off for their hard work over the long term.
* Get a greater sense of identity and belonging.
* Contribute much to the atmosphere of the business and develop the company.
* Be more reserved and less stressed.
* Each of your retention efforts tells your staff that they are respected, in addition to the direct results of a more seasoned workforce. After all, 79% of workers who don’t feel respected are searching for new prospects for jobs.

### – Employee Retention Reduces Acquisition and Training Time

Whoever knows turnover of human resources eats lots of time. Second, recruiting new hires that are skilled and trustworthy takes time. Then, the setting up of interview rounds and negotiations takes time. After that, it needs even more effort to have staff aboard. Finally, you’ve got to actually train new staff. Turnover is a human resource headache, summing up all the hours.

You will reduce the time expended on those boring new-hire duties by concentrating on keeping staff, and get back to the fun things (like organizing parties!).

It is worth remembering that retention of workers will help you recruit new employees as well. Employee retention increases productivity, as we just mentioned. Happy jobs are an incredibly powerful vehicle for recruiting and preparation. In reality, the #1 source of new-hire volume and efficiency is referrals.

Workers who are satisfied with their long-term job condition will be more likely to hire and bring out applicants from among their own network, campaign for the company while recruiting talent, be more positive and supportive during training, and allow new employees to assimilate into the atmosphere of the company more quickly. You saw that happen. Just imagine that that’s how the time happening.

### – Employee Retention Increases Overall Productivity

There are a variety of issues with a continual loss of workers, but the most immediate bad thing for the workforce is the blow to productivity. There are understaffing challenges, of course: vacancies that go unfilled can entail delays, overtime, and more frequent or troublesome errors.

In addition, someone in a new job wants to build good working relationships and create clear contact avenues with their colleagues-that social interaction greases the collaborative wheels and improves productivity all around. If the inconsistencies or misunderstandings are significant enough, time spent on the consequences of miscommunication will add up easily.

In fact, all together, it can take 1-2 years for a new employee to reach the level of productivity of the employee they replaced. Sure, some turnover is inevitable, but even a small increase in employees who stay saves the business a lot of lost productivity - for both employees and the HR teams that have to deal with these transitions.

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### – Employee Retention Spreads the Love to Your Customers

At this point, we realize that it makes workers happier to work on employee retention. Happy and committed workers pass on those emotions to their clients. To guarantee that the business maintains a positive name, they offer quality support, foresee concerns, and go the extra mile.

Engagement of workers pays off. In reality, a recent study found that workers who are involved are more likely to strengthen client relationships, resulting in a productivity gain of 21 percent over less active employees.

Beyond basic employee engagement, staff members who have been around longer will more likely be able to solve complex or unique problems more quickly and confidently, which saves time, reduces work for others, and prevents lost business from unhappy customers.

### – Turnover is Expensive – Employee Retention Saves You Money

Turnover is costly. Everyone involved with recruitment and training knows how easily it is easy to clock up hours - particularly if the job goes unfulfilled for a while. Continuously moving workers in and out means potentially substantial expenses associated with:

Turnover costs will vary from uncomfortably high to utterly surprising, depending on the role you’re replacing. It costs approximately 16 percent of the annual wage of the employee for a low-paying (traditionally high-turnover) job. For mid-range positions, this jumps to 20 percent, and skyrockets to over 213 percent for high-level executives.

High turnover is particularly destructive because businesses end up paying these costs time and time again – sometimes even multiple times a year. Employee retention can drastically reduce these expenses.

### Check Your Understanding

1. The loss of customer contacts, the break-in time of employees and unfamiliarity with

products of organization are classified as

1. The generation of people born between the years 1980 to 1990 are classified as
2. The type of turnover which is led in organization by disruptive leaves of employees is considered as
3. The absenteeism of employees from job because of funerals in employee’s family or

employee’s illness is classified as

### Summary

Among all employee related problems, employee attrition is one of the key problem in thetoday’s scenario despite the changes in the external environment. Attrition issaid to be gradual reduction in number of employees through resignation, death and retirement. The other name given for Attrition is attrition. When a well-trained and well- adapted employee leaves the organization for any of the reason, it creates an empty space in an organization (i.e) there occurs a vacuum in the organization.

Employee Attrition also known as Employee or Labour Attrition. Companies in India and also in other foreign countries face a formidable challenge in recruiting and retaining talents, while at the same time having to manage talent loss through attrition be that due to industry downturns or through voluntary individual attrition.

### Activity

1. Documentation for the Retention Policies while giving some extra benefits for

employees in HR Policies.

### Glossary

* Attrition, in Human Resource terminology, refers to the phenomenon of the employees leaving the company.
* Attrition rate refers to the rate at which employees are leaving an organization. Attrition rate can be calculated as:
* Attrition Rate (%)= (Number of separations/ Number of employees) \* 100

### Questions and Exercises

1. What is Attrition?
2. How Attrition is different from Retention.
3. How HRM maintain discipline among employees in office hours.

### Further Readings

* 1. https://[www.researchgate.net/publication/322896996\_Employee\_Attrition\_and\_](http://www.researchgate.net/publication/322896996_Employee_Attrition_and_) Employee\_Retention-Challenges\_Suggestions

### Answers to Check Your Understanding

1. Productivity Costs
2. Generation Y
3. Functional Turnover
4. Involuntary Absenteeism

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## Case Study

Steve is the director general of a company in the UK. He has responsibility for HR and named us to help him in being legally compliant as his advisers.

Jenny, one of his telemarketing workers, was underperforming and we created a Performance Management Plan (PIP) to offer guidance and expectations to help her progress. The PIP was monitored by Sally, her line boss.

In the summer, Jenny revealed she was getting married. Sally has just gone through a very acrimonious divorce from her husband and had some words of preference to say in general about love.

A week later, Jenny went to see Steve and said that during their PIP supervisory sessions and in the office in general, Sally had made very personal and inappropriate statements. She thought that in judging her performance on the PIP, Sally was being unnecessarily harsh. A written grievance over this was presented the next day.

She called in sick with exhaustion after Sally was told of the lawsuit and lodged a counter grievance alleging that Jenny made inappropriate statements concerning her marital breakup.

With tensions running high on both sides, Steve was nervous about the effects on the remainder of the success of the squad and was ready to try to quickly remedy the situation.

He asks his assistant to take on the management of the PIP.

Steve is concerned that if she was too anxious to face Jenny, Sally would be on long term sick leave. We briefed him on how to treat the complaints process correctly and the value of not asking Sally to cope with job concerns when she was off sick if she didn’t want to. Sally later said that as soon as possible, she needed to deal with the matter as it added to her tension.

To investigate the grievance, Steve talked to other colleagues who had overheard the statements made in the workplace by Sally and Jenny. He found that there had been some inappropriate comments said on both sides. There were private PIP supervisory meetings, but he did not check what was said there.

He explained to Sally and Jenny that no grievance was upheld, but he was able to call in a mediator (provided by LIMEhr) to help settle their disputes to encourage on- going working relationships. Sally then revealed that to make a clean break, she was considering going on. We urged Steve to make an offer without discrimination that Sally would resign and not be expected to work and be charged only for the 3 months’ notice. Sally consented.

Steve praised us for handling the complaints process for us and for a realistic method and solution to come up with. By coping with this matter on his behalf, he was thankful for the time we saved him.

### Questions

1. Determine the basic cause of the above mentioned issue.

# Module-5: Current Trends in HRM

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## Structure

### Unit-5.1 Understanding People Analytics

* + 1. What is People Analytics?
    2. Why is People Analytics Needed?
    3. How does People Analytics Work
    4. How can People Analytics help the Business
    5. Skills Required for People Analytics
    6. Examples of People Analytics

### Unit-5.2: Human Resource Information System (HRIS)

* + 1. Concept of HRIS
    2. Need for HRIS
    3. Benefits of HRIS
    4. Different Kinds of HRIS Systems & Software
    5. Issues in HRIS Implementation

### Unit-5.3: Introduction to Multigenerational Workforce

* + 1. A Multigenerational Work force in Organizations
    2. Workforce Generations
    3. Managing a Multi-generational Workforce
    4. The Challenges of Engaging a Multi-generational Workforce

### Unit-5.4: Flexible Workforce

* + 1. What is a Flexible Workforce
    2. Benefits of Flexible Workforce
    3. Types of Workplace Flexibility
    4. Challenges of Workplace Flexibility

### Unit-5.5: Role of Technology in HRM

* + 1. How is Human Resources Evolving with Technology?
    2. Using HR Technology
    3. Future of HRM Using Technology

**Case Study**

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# Unit-5.1 Understanding People Analytics

## Objectives

### At the end of this unit, you will be able to understand

* People Analytics
* How does People Analytics Work?
* How can People Analytics help the Business?
* Skills required for People Analytics
* Examples of People Analytics

## Introduction

Since people analytics relies heavily on emerging data-mining technologies and techniques for data analysis, the trends in people analytics are developing in time to the same. Here are the top 4 patterns that influence the analytics of individuals themselves and how they communicate with the organization. People analytics can be characterized as the intensely data-driven and goal-focused way to research all processes, functions, problems, and opportunities at work in order to elevate these structures and achieve sustainable business performance.

People analytics is also sometimes known as talent analytics or HR analytics. Essentially, through applying statistics and other data interpretation methods, collecting and analyzing person analytics leads to better decision-making.

Therefore, smarter, more proactive and data-backed talent choices are closer at hand, and this is true across the lifecycle of workers, from making better recruiting choices and handling success more efficiently to better retention.

Person analytics has grown dramatically since it was first used in companies in the mid-1900s. A simple change from prescriptive analytics to predictive analytics has taken place, enabling companies to be better equipped to meet the dynamism of their operating environment and to be constructive rather than reactive.Sophisticated data science, immersive data visualization and machine learning, for example, were not part of the process until a few decades ago, all of which are fundamental components of human analytics today.

Some patterns run in a dual circle, influencing the study of individuals and, in turn, all other facets of HR.

### Transforming what HR is and does

Research by Bersin points out that a mere 2 percent of HR organizations have mature analytical skills on which to rely. Thus, for creative, intelligent organizations that are trying to tap into this vacuum, there is a very strong first-mover advantage.

With people analytics changing the way recruiting is carried out, how success is assessed, how compensation is planned or development is mapped, and how learning and retention can be better handled, people analytics are increasingly changing the way HR works.

Increasing work acceptance rates, reducing HR aid tickets, and maximizing compensation are only a few ways in which individual analytics are increasingly becoming the new HR currency, according to recent studies by Deloitte. In addition, with HR processes changing to keep pace with business needs, people analytics are progressing from becoming a one-time project to being a platform that HR has tremendous benefits to draw from in real-time, easily modifiable.

### Transforming HR business interactions

The relationship between HR and business stakeholders (both internal and external) has been undergoing a transformation with recent developments in the work ecosystem. In line with the current developments in leadership, person analytics needs to shift. A main theme developing here is more openness, and the need of the hour is intelligent perspective.

Businesses today need to be able to make sense of seemingly unrelated data sources and to better predict and manage work by identifying context, correlation, and maybe even interdependence between one or more variables. People analytics has the ability to provide actionable recommendations to facilitate processes of strategic planning and implementation.

### Transforming the HR-employee relationship

Employee standards are consumer-grade nowadays. People analytics offers the ramp for companies to upgrade employee experience. Any contact with an entity that a candidate or an employee has is a data point and could be used to gain interesting insights.The definition is the need to change the HR relationship with workers to help HR become more than just a support function and be viewed as more than just a support function.

### Transforming the quality of insights

In the last couple of years, the quality of observations that are needed on a daily basis has improved. If you concentrate on two main aspects: analytical literacy and data security, individual analytics will live up to these standards.

In order to minimize dependency on technical workers and to allow more viewpoints to flourish, more employees would need to become literate in analytics. For all listening platforms and pulse tests, data integrity and data protection will need to be updated and protected as person analytics becomes a staple in organizations.

## What is People Analytics?

Today, human analytics is a lot more intuitive and predictive. With that target to live up to, the approach requires the following steps.

The Procedure of People Analytics:

### Step 1: Dig data that matters

The key question to ask here is, “What information is relevant to our business objectives?”, and to set the appropriate Key Performance Indicators (KPIs). This enables you to save substantial resources by only exploring fields that involve

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direct supervision, such as organizational activities across the spectrum of people management, which can contribute to meaningful business results.

Digging up data that has no strategic value could be a waste of time. Knowing what to focus on also helps to incorporate the right statistics, data analysis, machine learning, survey management and strategic methods for workforce management.

### Step 2: Experiment, explore, enrich

It is imperative to choose a people analysis method in a crowded and visibly fragmented market by testing the market, experimenting with various options, and evaluating which alternative will enrich the company the most. Data mining, data transformation, and data visualization strategies provide several offers, all combined into a user-friendly self-service interface.

In order to access critical data, platforms that provide a wide range of features often involve a lot of manual manipulation, and these aspects can be checked only by systematic experimentation.

### Step 3: Have an action plan ready

When you know what your ultimate objective is, which data is important, and what the solutions available are (based on a simple review of pros vs. cons), develop an action plan. In fine-tuning the action plan, the application of big data and predictive analytics to talent management, leadership growth and organizational skills also helps.

In addition, providing a well-defined action plan provides a clearer understanding of why such changes can take place and where the company is going, thus helping to elicit more support from stakeholders.

### Step 4: Avoid legal loopholes

It is important to ensure that legal enforcement is upheld in the processing of all data. Have a legal team confirm the data sourcing strategies and processes before you embark on the analytics project. This is not the end yet.

When the raw data has been obtained and analyzed, it is often important to accept the gleaned findings before they can be implemented or released.With data security and privacy laws already changing in our digital ecosystem, it is wise to keep up with the changes and double-check legal accordance.

### Step 5: Create leaner systems

Regardless of the scope of the project at hand, the broader approach to be adhered to by the systems needs to be easy and lean.The basic data analysis and interpretation process should allow simple application, updating and readability.

For instance, build a simplified basic outline such as intake and design (data collection and analysis design), data cleaning (removal of obsolete or inaccurate data), data analysis (quantitative and qualitative exploration), and insight sharing(explanation and demonstration of the data). This may help prevent needless problems such as uncertainty about the sequence of steps involved, waste of time, or duplication of sub-

processes that occur with unstandardized structures of the process, while also leaving space for tweaks where appropriate.

The idea is to find the right balance between the restricted moving components (people and environment dynamics) and the flexible, adjustable human analytics systems and processes. It is easier to streamline the whole process and implement quality management if you have the right team with the required abilities in place.

### Step 6: Build a fact-based, measurable HR business strategy

A practical business plan for HR removes functional silos and can seamlessly align talent with business. Having consistent KPIs and ROI goals from individual analytics activities ensures that the effect is calculated frequently and transparently. A winning strategy needs to be accompanied by knowledge and an efficient action plan.

### Step 7: Take tech support

Technology is interspersed with every area of life today and more so with processes such as analytics of individuals, where a lot of analytical data is often handled with little to no space for error. New-age HR technology instruments make data readily available in real time. And this is a chance that needs to be milked, because agility and real-time knowledge can really set you apart from the competition today.

* + 1. **Why is People Analytics Needed?**

In order to create trends, analytics is the critical analysis of knowledge. The use of analytics to help determine whether or not they are on track to achieve their goals will support individuals and organizations that have something to accomplish. They should describe how they evolve their approach using analytics to maximize the likelihood of achieving those goals.The trends in the data are the tales that strategists learn from.

As to who needs analytics, you need analytics whether you are a person or an organization with something to accomplish.

### Why analytics is important

The power to do two things is given to you by analytics. Firstly, you should track progress so that you know where you came from. Secondly, you can forecast the future by expanding data trends into the future.

This is extremely important because it shows you when you are going to hit your target, or even whether you are on track to hit the target at all, when you have something to accomplish.

Analytics has another layer, however, and that is segmentation. Segmentation allows you to look at sub-sets of the knowledge based on one dimension (or a mixture of dimensions) and compare these sub-sets together.

This is really where the critical data analysis is performed. We may make more nuanced predictions about the future by establishing that different segments display distinct trends. We can only expand the overall data pattern without segmentation; we can create alternative future models with segmentation based on actions we can take to affect the segments.

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For instance, we discovered a few years ago that one customer saw their user base migrate to mobile devices much faster than the average transition for other customers. This client saw 30 percent while other websites saw 20 percent of their sessions delivered on mobile devices, and we could see the pace at which this segment was increasing.In addition, we could see that this segment had a much lower conversion rate than the tablet and laptop segments.

Segmentation helped us foresee that we’d have a conversion rate problem on the web in the future. Before an issue was raised, segmentation helped create the business case for action.We might immediately suggest effective redevelopment action. By doing this, before the issue had started to emerge using non-predictive approaches, we theoretically prevented 18 months’ worth of delay.

## How does People Analytics Work

How to get started with analytics for individuals

### Determine if the business is genuinely prepared

A solution for human analytics can have a huge impact on organizational performance, but a tool is only as successful as the individuals that use it. You may not yet be able to invest in an analytics platform if your company is not completely prepared to make adjustments in how things are done.

The study of people and the planning of the workforce that comes with it is less about instruments, technology, numbers, artificial intelligence, and complicated data science than we believe. It is much more about change management when it comes to the practical implementation of analytics.

“People analytics solutions that were previously sized and priced to meet the needs of large enterprises have been modified to fit mid-size organizations who are also looking for deeper insights to grow and improve their workforce.”

### Find your data champions

It’s not always easy to persuade the leadership team of your organization to pursue a human analytics project. It takes a complete organizational shift and change- management strategy to create a data-driven community.

Inside your company, recognizing data champions will help you continue to make the change. Are there administrators who have invested in analytics and technology in other departments?Will anybody on your board or C-suite continue to complain that your workforce isn’t as successful as it should be? Do you have a financial leader based on data that can help you measure the importance of investing in a solution for analytics?

Internally, seeking fellow data champions will help you develop your business case and manage the organizational change needed to make full use of people analytics.

### Define your questions

Without strategic, relevant problems, analytics of people is a means of no definite

end.

Although, without clearly identified questions, you will still be able to draw insight into your organization, you will not see the same degree of effect and organizational change.Determine how HR and your workforce fit into those objectives, then work back on the kinds of questions that you want to address to shift the needle to that target.

For starters, you would first want to determine where you are losing money if your company wants to cut workforce costs. Overspending on overtime, are you?Are your overall incentives really working to attract workers, or should you cut back on unrecognized rewards while still retaining a satisfied workforce?

“Building a data-driven culture requires a full organizational shift and change- management plan. Identifying data champions within your organization can help you persist in making that shift.”

Be willing to look deeper into your results. Analytics of people can help you to understand the “why” beyond traditional HR questions. Why do you overspend on your budget for overtime?Have you lost a main employee or department, and you have to pay for the overtime? Why are the overall benefits not matched with the staff’s real needs and wants?

## How can People Analytics help the Business

Applications of people analytics

Many HR divisions are trying to discover the significant data associations and trends that contribute to better decisions for the workforce.Several tech businesses have analytics capabilities with their reporting solutions to capitalize on this demand for insights. However, these instruments usually yield the kind of metrics that lead managers to question “so what?”.

For example, traditional hiring metrics such as “time-to-fill” and “offers accepted rate” do not address strategic questions about the quality and value of the hired individuals. A true tool for analytics goes further, allowing you to:

### Link recruiting to business outcomes

Identify what applicant characteristics are known to generate quality hires, such as source and education, so you can concentrate resources on recruitment practices that drive the best long-term results.

### Tackle turnover problems

Based on review of key features of previous resignations, recognize workers at risk of quitting and take steps to discourage top talent from leaving until they are out the door. (Try this Manager Turnover Calculator to see what loss of employees costs your company).

Identify the cost benefits of retention programs in terms of wages, absenteeism, efficiency, and learning and growth by evaluating the direct and indirect cost of turnover.

### Strategically develop workforce plans

Strategic workforce planning is important when companies are facing unforeseen circumstances. It is easier to match headcount supply with the business vision

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and balance cost pressures with people analytics, even though the future is unpredictable. The secret to identifying what your company needs in terms of expertise, responsibilities, and organizational requirements is the review of individual data.

### Set your sights on a diverse and inclusive workforce

To ensure fairness in the recruiting process, track diversity ratios at every single point in the hiring funnel. Set targets on the metrics that matter to you, so that your success can be discussed and risk areas can be advanced.

### Enhance performance

To assess whether you use the tools of opportunity to sustain and optimize efficiency, evaluate and forecast the promotion rates, lateral transfers, promotion wait times, and internal hiring rates.

In addition, analytics allows you to correlate total incentives, company-ratio, and performance levels to assess if you are efficiently rewarding performance-top performers can return to average or resign if they do not consider themselves to obtain a reward level that recognizes their differential performance.

### Plan for success

Analyze career pathways to reveal the leadership lineage, and see how departments have changed over time and understand how current personnel can be built to meet potential needs. To effectively plan for the future, step beyond total incentives and consider the total cost of labor, including taxation, long-term incentives, services, contingent labor, and other costs.

### Maximize your learning investment

Analyze how long it takes for workers to become completely ramped up and how this affects the company, and also recognize which training systems are best for the fastest onboarding and efficient new hires and which require enhancement.

HR experts and executives will better understand the contributing factors that influence their company with the right perspectives, and take the correct steps to incorporate programs that can have a real competitive advantage.

* + 1. **Skills Required for People Analytics**

Three key level-based tests to pick the right people analytics tools

With a wide variety of vendors, options, and subscription plans available, selecting the right analytics tools for people can sometimes seem like a very challenging job. Here’s a need-based, three-level search to make the right decision.

### Level 1: A working HR dashboard

Use a simple dashboard that helps you to capture, compile, and visualize data to get started with people analytics. Tools such as Power BI, Tableau, and Qlik enable ease of use and ease of access to data. With a level 1 requirement, making your individual analytics framework as easy as possible should be your focus.

### Level 2: An insightful HR dashboard

To analyze better and make stronger choices, you can have a steady dose of relevant data and need simple insights. Statistical tools such as Excel or SPSS are also effective, although they do not come with quirky visual aids and interfaces in the social media style. Tools like Visier come with holistic analytics solutions whilst taking some time to set up.

### Level 3: A predictive HR dashboard

When you try not only to analyze data, but also to make intuitive forecasts based on upcoming trends, your company is at the third level of demand. These methods help you research actions in a way that the next course of action can be predicted.

There may be some connection, for instance, between the workers updating their LinkedIn profile, taking regular leaves, and not being very happy at work with them. Although this is a rather simplified example, statistical tools will help you react to actions and decision trends that you would otherwise have overlooked.

For large amounts of data, Python or RStudio may assist with advanced research, but they can enable you to employ data scientists specializing in the field.

Update, Upgrade, and Upskill for Smarter People Analytics

You will dig deeper into the behavioral aspects of work with the latest solutions in people analytics and workforce analytics, consider the cause-effect relationship between various human and non-human aspects at work, and make better decisions.

Knowing what knowledge, you need to measure and qualify, recognizing what the current patterns are, and knowing what your final objectives are the three things to consider. Enabling your HR to update, improve and upgrade its expertise and skills will ensure that the company optimizes the latest analytics offerings for individuals and can ride the latest trend waves into a smarter, happier workforce.

## Examples of People Analytics

To get started with People analytics, a person’s resource manager must map and collect all the relevant data. For instance, consider hypothetically, you would like to live the impact of employee engagement on the financial performance of the organization.

You will need employee engagement data and your organization’s financial performance data to draw inferences supported these statistical inputs. As corporation bounds to deploy an employee engagement survey is done once per annum. This may assist you collect the foremost recent data on how engaged your employees are at the workplace.

Key working areas are often analyzed supported the output of this collective data. Imagine what you’ll do with this type of knowledge! It is almost impossible to side look once you have a treasure of data which will assist you make future predictions accurately.

And this just doesn’t stop here, you’ll make predictions in several performing and non-performing areas of your organization. Whether it’s to draw an inference for

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budget allocation for employee training or predict which new employee will become the simplest performer. The range is wide!

Let’s look at a few examples that use typical organizational problems:

### Turnover

When staff leave, there is sometimes no real perception of why.Reports or data on particular cases can be obtained, but there is no way to tell whether there is an underlying cause or pattern for the turnover.With turnover being costly in terms of lost time and profit, to avoid turnover from being an ongoing issue, companies need this insight.

### People Analytics can:

* Identify trends and patterns, collect and evaluate historical turnover data showing why workers left.
* Better understand the position of current workers, collect information on employee conduct, such as productivity and engagement.
* Correlate all data types to understand the factors that contribute to turnover.
* Help create a predictive model to better track and flag workers who could fall into the trend associated with leaving staff that has been documented.
* Develop plans and make choices that will enhance the working climate and the levels of interaction.
* Recognize patterns of employee engagement, employee satisfaction and employee performance.

### Recruitment

Organizations seek applicants that not only have the right skills, but also the right qualities that complement the work culture and performance needs of the organization.

It is restrictive to sift through hundreds or thousands of resumes and base a recruitment decision on basic details, more so when it is possible to overlook potential applicants.One business, for example, may discover that innovation is a better measure of success than work experience related to it.

### People Analytics can:

* Facilitate fast, automated compilation of candidate data from multiple sources.
* By considering extensive variables, such as developmental opportunities and cultural fit, you gain deep insight into candidates.
* Identify candidates with qualities that are comparable to the organization’s top-performing employees.
* Avoid habitual bias and ensure equal opportunities for all candidates; with a data-driven approach to recruitment, one person’s point of view and opinion can no longer affect applicants’ consideration.
* Provide metrics on how long it takes to hire within the organization for specific roles, allowing departments to be more prepared and informed when the need for hiring arises.
* Provide historical data related to over-hiring and under-hiring times, helping companies to establish better long-term recruiting strategies.

### More Examples on How to Use People Analytics

Coca-Cola Enterprises (CCE) Case Study:

The Thirst for HR Analytics Grows-Coca-Cola Enterprises (CCEHR )’s analytics journey really started in 2010. A team was required to provide the organization with a centralized HR reporting and big data analytics service, given the size of the CCE operation, its global footprint and different business units. This led to the creation of a team of HR analytics serving 8 nations.

* Rapidly Simplifying An Organization Turns Around Performance – A global logistics company, historically an industry leader, had seen its performance lag its competitors’. Its overhead costs were significantly higher than average—driven by a complex, oversized organization with a large regional staff and cumbersome processes requiring multiple handovers. McKinsey’s 5-month turnaround plan minimized operational complexity and gained new efficiencies that helped generate incremental profit of $2 billion.
* Implemented an Enterprise-Wide Data Quality Management Program – The client organization’s ISG (Information Services Group) is responsible for driving data accessibility and using analytics to generate better insight and allow data- driven decision-making.The customer partnered with Mu Sigma to introduce a comprehensive enterprise data quality management capability that allowed the company to reduce operational inefficiencies, resulting in a 5 percent reduction in overall costs (detection costs, prevention costs, correction costs, rollback/rework costs).

People Analytics to Drive Business Performance: A Case Study –

The business had already exhausted most conventional strategic options and was searching for new possibilities using analytics to enhance the customer experience. The business was suffering from annual staff turnover well above that of its rivals, running a combination of franchised stores, as well as corporate-owned restaurants.In three years, a major European telecom company aimed to compete with global media and IT players by supporting the internet telephony revolution and developing businesses in both mobile networks and digital television. The Telecom Company Reduces Hiring Time by Half and Employs 100 High-Impact Specialists.McKinsey worked to develop a three-year initiative with the HR director to transform the telecom firm into a leader of people.

### Check Your Understanding

1. is also sometimes known as talent analytics or HR analytics.
2. Three key level-based tests to pick the incorrectpeople analytics tools is a working, insightful, and predictive HR dashboard. True / False
3. allows you to look at sub-sets of the knowledge based on one dimension (or a mixture of dimensions) and compare these sub-sets together.

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1. People analytics can be characterized as the intensely data-driven and goal-focused way to research all processes, functions, problems, and opportunities at work in order to elevate these structures and achieve sustainable business performance. True / False

### Summary

* Current Trends in HRM
  + Transforming what HR is and does
  + Transforming HR business interactions
  + Transforming the HR-employee relationship
  + Transforming the quality of insights
* Understanding People Analytics
  + People analytics can be characterized as the intensely data-driven and goal- focused way to research all processes, functions, problems, and opportunities at work in order to elevate these structures and achieve sustainable business performance.
  + People analytics is also sometimes known as talent analytics or HR analytics.
* The Procedure of People Analytics
  + Step 1: Dig data that matters
  + Step 2: Experiment, explore, enrich
  + Step 3: Have an action plan ready
  + Step 4: Avoid legal loopholes
  + Step 5: Create leaner systems
  + Step 6: Build a fact-based, measurable HR business strategy
  + Step 7: Take tech support
* Why is People Analytics needed?
  + This is extremely important because it shows you when you are going to hit your target, or even whether you are on track to hit the target at all, when you have something to accomplish.
* How does People analytics Work?
  1. Determine if the business is genuinely prepared
  2. Find your data champions
  3. Define your questions
* How can People Analytics help the Business?
  + Link recruiting to business outcomes
  + Tackle turnover problems
  + Strategically develop workforce plans
  + Set your sights on a diverse and inclusive workforce
  + Enhance performance
  + Plan for success
  + Maximize your learning investment
* Skills required for People analytics
* Three key level-based tests to pick the right people analytics tools o A working HR dashboard
* An insightful HR dashboard
* A predictive HR dashboard
* Examples of People Analytics
  + Turnover
  + Recruitment

### Activity

1. Elaborate on typical organizational problems in a business and how people analytics can help understand and avoid the reasons those problems occur.

### Glossary

* Elicit – evoke or draw out (a reaction, answer, etc.) from someone
* Imperative – of vital importance, crucial
* Nuanced – characterized by subtle shades of meaning or expression
* Silo – a system, process, department, etc. that operates in isolation from others

### Questions and exercises

1. What are the top 4 patterns that influence the analytics of individuals themselves and

how they communicate with the organization?

1. What is the procedure of People Analytics?

### Answers to check your understanding

* 1. People analytics
  2. False
  3. Segmentation
  4. True

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# Unit-5.2: Human Resource Information System (HRIS)

## Objectives

### At the end of this unit, you will understand

* Human Resource Information System (HRIS) (concept, need, benefit)
* Different kinds of HRIS systems & software
* Issues in HRIS Implementation

## Introduction

HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically.

To put it another way, an HRIS can be seen as a way for large and small organizations to take care of a variety of operations, including those related to human resources, accounting, management, and payroll, by software. A HRIS helps a business to schedule its HR costs more efficiently and to handle and monitor them without allocating too much resources to them.

In certain cases, when it comes to making choices in HR, an HRIS would also contribute to productivity improvements. The decisions taken should also improve efficiency and, as a result, both workers and managers should increase and become more productive in their productivity.

## Concept of HRIS

HRIS stands for Human Resources Information System. The HRIS may be a system that’s wont to collect and store data on an organization’s employees. In most cases, an HRIS encompasses the essential functionalities needed for end-to-end Human Resources Management (HRM). It’s a system for recruitment, performance management, learning & development, and more.An HRIS is additionally referred to as HRIS software. This is often a touch confusing because it implies that different systems can have different software running on them. However, this is often not the case. The HRIS is, in essence, a software package.The HRIS can either run on the company’s own technical infrastructure, or, what’s more common nowadays, be cloud-based. this suggests that the software is running outside of the company’s premises, making it much easier to update. The Human Resource Information System (HRIS) is described as a software or online solution that uses all of an organization’s human resources operations for data entry, data tracking, and data management. The HRIS comprises a broad variety of structures under its umbrella.

## Need for HRIS

A software that is specifically developed for the HR department is a Human Resources Integrated Framework (HRIS Software). Why is it necessary for the HR department to have an HRIS? What will the HR Department do with an HRIS?

Employee data is, as we know, a vital data set for any enterprise. Despite this, most HR departments with spreadsheets and papers still store the data.To preserve your HR data, spreadsheets and documents are not intended to be used.

An HRIS is intended to centralize all HR data so that, without having to go through different sheets and files, you can quickly locate employee information in one location. HR data is often kept for various purposes in different places by different agencies, which creates data duplication.Through storing all data in one program, an HRIS prevents data replication, also reducing human error.

A HRIS now also provides self-service characteristics that simplify other HR features. Self-service within leave management will streamline the workflow of leave management from request to acceptance, with the system correctly handling the workflow.Self-service features often allow workers themselves to initiate leave requests, allowing supervisors to simply approve/reject applications.

A modern HRIS also includes complete modules for payroll, attendance, recruiting, training, and results. For the HR department, the reason why HRIS is relevant is that HRIS software is designed to make your job easier and more effective. An HRIS is the software that every HR department needs.

## Benefits of HRIS

Information management software for human resources allows businesses to become more effective.

HRIS software helps put a company’s workers on the same page and automates HR tasks to make the human resources department more effective.

The Human Resources Information System, or HRIS, is a software application that allows workers and managers of human resources to maximize their productivity. The program also allows staff and executives to maximize the results of their efforts.

A big advantage of HRIS is that it is possible to speed up recurring tasks with automation. HRIS also increases the capacity to enter wide pools of applicants when it comes to new vacancies.This platform will apply higher application selection criteria, speed up the onboarding process with mobile usability, and reduce the cost of paper. HRIS makes it easy to sell up-to-date materials. With this convenience, business practices and procedures can be submitted simultaneously and instantly to all employees. There are several more HRIS advantages, such as:

* Self-service alternativesthat create greater employee engagement
* Open enrollment advantage
* Worker empowerment
* Collaboration throughout organizations enhanced
* Training skills improved
* Enhanced scheduling
* Payroll and worker data errors reduced
* Analytics and organizational data constructing more knowledgeable decisions

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### How Your HRIS Adds Value to Your Company

Four primary reports must be generated by HRIS software. People-focused reports are the first reports. These reports show job anniversaries, birthdays, calendars of performance, calendars of training, logs of hiring and recruitment, eligibility and enrollment for benefits, data on compliance and more. The next primary reports, work- focused reports, demonstrate employee data on individual work.

Work-focused reports demonstrate completion of training, performance evaluation, corrective action, performance development, completion of training and performance analysis of quality. Finance Focused Reports are the third primary reports. These reports reveal the financial performance of a company.It demonstrates this by displaying the distribution and process of payroll, taxes, withheld benefits and reports, compensation plans and attendance reports. For the stakeholders and operations team, the final primary reports, the results-focused reports, produce summary data. These reports take into account employee turnover and costs, collect data on current and future talent management, and look at the productivity-cost correlation. Information on corporate culture, quality and costs are also reflected in these results reports. With HRIS, these four primary reports are made easier to collect and add a lot of value to businesses.

### Recent HRIS Survey Findings

Software for human resource information systems makes HR obligations simpler and more automated. The Sierra-Cedar HR Systems Survey has been providing practical data on innovative technological trends since 1997. This survey of systems has helped organizations capitalize on this emerging information, justify investments and develop strategies for HR systems. 1,312 organizations were surveyed in 2017. Among the 1,312 organizations, the majority of the companies that use HRIS are healthcare companies. Other sectors that rely heavily on HRIS are the manufacturing, finance and high school industries. High-tech and retail companies also use HRIS, but not as much.

All types of organizations benefit from HRIS and should not be ignored.Working with the human resources department is important for all parts of a company. The entire organization finds that it fulfills tasks much faster when most of the tasks in which the HR department is involved are automated. Not only does HRIS specifically help HR departments, but companies achieve their goals overall. Businesses and staff alike benefit when HRIS is used.

### What Are the Advantages of an HRIS?

One-stop shopping. One of the most commonly reported benefits of an HRIS is that for many HR-related employee duties, you enter data only once. And, similarly, when employee information changes, you need to update only one location.

Integration of data. In addition, various parts of the framework will “talk to each other,” enabling more meaningful capabilities for monitoring and review, including internal reviews and audits and data preparation for outsiders.

Accuracy. Improved precision is likely to conclude the data is correctly entered and manipulated.

Self-service. This work can be a great HR time saver. Employees may enter the data change system (such as changing their own addresses) and managers and supervisors may enter the data entry system (such as performance reviews) or retrieve data without disrupting HR.

Automated reminders. Systems can schedule activities, such as performance reviews and benefit deadlines, alert and nudge automatically when acts have not been performed.

Hosting of company-related documents. The system will host resources such as handbooks, protocols, and safety instructions for employees. In one spot, the products are conveniently modified.

Benefits administration. Enrollment, notices, adjustments, and monitoring may be included in this.

Recruiting management. This may include monitoring, management, and reporting of applicants.

* + 1. **Different Kinds of HRIS Systems & Software**

### What are the kinds of HRIS systems?

There are several forms of HRIS that are distinct. For various items, for example, requesting/approving time off or providing employee evaluation form templates for performance appraisal, different HRIS tools are needed.

Examples of HRIS systems include:

* + - * Applicant tracking systems (ATS) to help the hiring process
      * HCM (human capital management)
      * Benefits administration software to manage employee benefits
      * Payroll management tools for compensation management
      * Tools to manage talent or manage employees
      * Workflow, scheduling, or resourcing tools

### What are HRIS systems meant to have?

Database-oriented resources are human resource information systems (HRIS). To ensure overall ease of management, these tools simplify numerical system processes.

Examples of features that could involve an HRIS system:

* + - * Time and labor management activities
      * A payroll system
      * Benefits
      * Recruitment management
      * Employee training modules
      * Employee engagement
      * Performance appraisals and management

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### How is recruitment improved with HRIS?

As it unifies employee data into a single source, HRIS helps take care of the HR and recruiting process. For recruiters and the applicants, themselves, this provides an enjoyable user experience. As you can exchange and enter information via the database program, it also helps with repeatable procedures.

The Human Resource Information System (HRIS) can be described as a software or online solution that is used to enter data, monitor data and manage all of an organization’s human resources operations. HR systems and processes need to adapt to an environment that is data-driven, technology-driven, and people-centric, with the world of work in a state of constant, digital flux.Human resource information systems have evolved over the last decade as well to embrace these new trends at work. Let us look at what an HRIS is in today’s context, what it can do, and what it can help the organization achieve.

HR is an advanced software developed for small and medium-sized businesses that makes the job simpler and more effective. HR has been completed with self-service features that allow workers to initiate requests for leave.

An HRIS, or Human Resource Information System, offers features that assist the HR department in a wide variety of activities, from locating and retaining workers to managing the company at large.

Many organizations say that they think their organization is “complex” for employees; one way to mitigate problems such as this is to ensure that you have the best human resource structures to support your staff on an ongoing basis.

The right HRIS would help HR managers as well as personnel, hires, rookies, and long-standing team members, just like any HR program. Examples of HRIS vary from products that assist with recruitment and onboarding to continued training and education or even navigation of rewards and benefits.

Top 10 Best Online HRIS Tools

* + - * EnterpriseAxis
      * HRM Labs
      * CommonOffice HRIS
      * Hr.my
      * Bridge
      * Homebase
      * BuiltforTeams
      * OptimumHRIS
      * Rippling
      * Paycor
    1. **Issues in HRIS Implementation**

It is a big step towards making processes simpler and more effective to pick and incorporate an HRIS in an organization. However, it can be very frustrating when HRIS is difficult to use or does not live up to standards.Organizations can troubleshoot and

try to solve issues in a way that will allow enterprises to see the highest return on their investments in HRIS before leaving the latest HRIS and returning to manual processes.

### Defining Complications

Some general HRIS problems that may cause issues for a company are:

* Unnecessary time spent on manual entry and double entry
* Increased complaints for employees
* Too much time spent authenticating information
* Sluggish or bogged down system
* Hard to access Information
* Difficulties changing between several automated systems
* Classifying Issue Causes

Once the problems that cause roadblocks have been identified, categorizing the cause of the problem is the next step on the road to removing the barriers.HRIS issues frequently occur due to lack of or hasty implementation, failure to better inefficient systems before adjusting to new technology systems, inadequate training, disparity between business and HRIS, or inability to devote sufficient resources to system adoption.Figuring out the real cause can help businesses save a lot of cash by trying to use solutions that target the problem only and not the underlying cause.

### Solving the Real Problems

Companies will often have to devote some time and effort in order to really get to the heart of problems and solve the problems in a way that will improve the HRIS capabilities and the benefits of the system within the organization. A complete overhaul of the systems used to achieve objectives is necessary in many instances, as these systems were usually inefficient long before technology was introduced.

### Conquering Implementation Issues

Companies may find that it is best to dedicate a project team to identifying where the implementation went wrong if system problems stem from a rushed implementation. Rules may have been incorrectly entered, new and old systems may have been improperly integrated, or data may have been incorrectly entered.The HRIS may begin to meet expectations once the errors that occurred during the implementation have been corrected.

### Resolving Problems with Technology

Technology problems can be difficult to resolve and may require the assistance of a vendor representative or HRIS analyst to spot and fix them.Tech experts may be able to help solve these problems if the system is slow, features are missing or it is difficult to switch between existing systems to retrieve information. If the existing software cannot solve these problems, it may be necessary to find an HRIS that is better suited to the company.

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### Delivering Adequate Training

It may be necessary to re-train staff to use the HRIS after all other issues have been fixed. There should be plenty of time to ensure that staff have a deep understanding of the features of the system and can use the system without problems. HRIS will only add value to an organization when employees can use the system effectively to improve daily operations.

Along with the advantages, there are, of course, some disadvantages to using an HRIS.

Security. One of the biggest fears is security. Systems must be designed to prevent unauthorized access to, and unintended disclosure of, sensitive and confidential data. Typically, this requires many “compartments” and many levels of access authority, all of which must be monitored and maintained.

Cost. Then there is the factor of cost. This can pose a problem, particularly for smaller firms. Acquisition costs and maintenance costs exist with any system. SaaS (software as a service) systems are somewhat easier to handle as they are cloud- based and do not require as much initial outlay from a cost point of view.

Staffing. With larger installations, there is possibly the cost of employing an IT specialist to manage the system.

### Check your understanding

1. HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. True / False
2. Which of the following is not a general HRIS complication for a company?
   1. Sluggish system
   2. Hard to access information
   3. Employee appraisals
   4. Difficulties changing between automated systems
3. The is described as a software or online solution that uses all of an organization’s human resources operations for data entry, data tracking, and data management.
4. Which of the following are some advantages of HRIS?
   1. Training skills improved
   2. Payroll and worker data errors reduced
   3. Improved scheduling

d) (a) & (c)

e) All of the above

### Summary

* Human Resource Information System (HRIS)
  + HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software.

### Concept of HRIS

* + The Human Resource Information System (HRIS) is described as a software or online solution that uses all of an organization’s human resources operations for data entry, data tracking, and data management

### Need for HRIS

* + An HRIS is intended to centralize all HR data so that, without having to go through different sheets and files, you can quickly locate employee information in one location. HR data is often kept for various purposes in different places by different agencies, which creates data duplication. Through storing all data in one program, an HRIS prevents data replication, also reducing human error.

### Benefits of HRIS

* + A big advantage of HRIS is that it is possible to speed up recurring tasks with automation.
  + Self-service alternatives that create greater employee engagement
  + Open enrollment advantage
  + Worker empowerment
  + Collaboration throughout organizations enhanced
  + Training skills improved
  + Enhanced scheduling
  + Payroll and worker data errors reduced
  + Analytics and organizational data constructing more knowledgeable decisions
* Different kinds of HRIS systems & software
  + Applicant tracking systems (ATS) to help the hiring process
  + HCM (human capital management)
  + Benefits administration software to manage employee benefits
  + Payroll management tools for compensation management
  + Tools to manage talent or manage employees
  + Workflow, scheduling, or resourcing tools
* Issues in HRIS Implementation
  + Unnecessary time spent on manual entry and double entry
  + Increased complaints for employees
  + Too much time spent authenticating information
  + Sluggish or bogged down system
  + Hard to access Information
  + Difficulties changing between several automated systems
  + Classifying Issue Causes

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### Activity

1. Find an app or software(not in the book) that is an example of a HRIS system and explain how it a HRIS system.

### Glossary

* **Audits** – an official inspection of an organization’s accounts
* **Compliance** – the state of meeting rules or standards
* **Rookies** – a new recruit, one who is just starting to learn or do something

### Questions and exercises

1. What are the 4 primary reports that must be generated by HRIS software?
2. List the disadvantages of using a HRIS system.
3. What are the advantages of an HRIS?

### Answers to check your understanding

* 1. True

2. (c)

3. Human Resource Information System (HRIS) 4. (e)

# Unit-5.3: Introduction to Multigenerational Workforce

## Objectives

### At the end of this unit, you will understand

* A Multigenerational Work force in organizations
* Workforce Generations
* Managing a multi-generational workforce
* Challenges of engaging a multi-generational workforce

## A Multigenerational Work force in Organizations

A multigenerational workforce is a workforce made up of employees from different generations, such as the generation of baby boomers, Generation X, the millennial generation, and Generation Z. In the coming years, organizations could potentially work at one time with teams of people from four to six different generations, which is why it is now so important to learn how to manage a multigenerational workforce.

Some experts point to the important world events that occurred during the formative years of a generation and insist that these events are the result of certain qualities and features. Others insist that what we call generational differences have nothing to do with specific generations and everything to do with changing people as they progress through different stages of life.

There is no question, either way, that a 60-year-old employee is likely to have dissimilar priorities, concerns, values, beliefs, and qualities than their 25-year-old colleague. You can better lead and manage your multigenerational workforce by understanding these differences.

## Workforce Generations

The workforce could include five generations in the not-too-distant future, if it hasn’t already.“That’s amazing, and it’s up to those of us with more life experience to set the stage and lead by example,” said Catherine Collinson, CEO of nonprofit Transamerica Center for Retirement Studies.

It can be useful to consider the various working types, characteristics and motives of the generations that make up the workforce of today if you are unretired. As identified by generational experts, the following are general characteristics of certain generations and working styles.Titles may vary by source for generations and year ranges. Sourcing adapted from the American Management Association and other experts:

### Silents or Traditionalists (1925–1946)

Characteristics: Practical, committed and loyal are adjectives that can describe the Silents, who also tend to respect authority and work hard.

What they bring to the workforce: Their values can be defined by the prosperous post-World War II era, and they can be recognized for a strong commitment to

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collaboration and teamwork, and the development of interpersonal communication skills.They are typically the most wealthy elderly community in U.S. history due to their willingness to save and save.

Challenges they face: As old-fashioned, static and unable to modify, this generation may be inaccurately stereotyped.

### Baby Boomers (1946–1964)

Characteristics: The Boomer generation can be characterized as being competitive, concentrated and goal-oriented. They are described by some as ambitious, disciplined and good team players.

What they bring to the workforce: The civil rights movement, the Vietnam War and inflation affected their work-life approach. They may be more open to change than the previous generation, but may have a relationship of love/hate with authority and a sense of workforce entitlement, some experts claim. Typically, this generation works longer than their predecessors.The Employee Benefit Research Institute (EBRI) estimates that 26% of employees are planning to work until 70 years of age, and another 6% believe they will never be able to retire. Research varies as to whether this generation is going to continue operating. Money might be a motivator, but it may be possible to remain socially connected and keep their minds alert.

Challenges they face:As they collaborate with teams against a common objective, others have called this generation power-driven workaholics. In pursuit of personal gratification, they have also been described as the “Me Generation”.

### Generation X (1964–1981)

Characteristics: In a balanced life, generation X tends to thrive. They have been described as pragmatic and self-reliant.

What they bring to the workforce: This generation is assumed to be responsible for the idea of work-life balance. They seem to have good technical skills and are generally more independent than previous generations, able to improve their skill set and take on fresh challenges. In a post-downsizing climate, they are also viewed as adaptive to work uncertainty.

Challenges they face: Cynicism, impatience and selfishness may be myths of this group, and others have called them the “slacker” generation.

### Millennials or Generation Y (1982–1995)

Characteristics: Among the characteristics that have been used to characterize this generation are optimistic, fun-seeking and ambitious.

What they bring to the workforce: This is the first generation to come of age during the internet’s rapid growth. In handling transition with an appreciation for diversity and inclusion, they are known to be among the most resilient. Millennials are typically today’s most trained generation of workers.Boomer parents have inspired many Millennials to work hard and set targets.

Challenges they face: Often, Millennials get a bad rap for being spoiled and disrespectful as well as being too technology based. They can often seem more demanding than previous generations.

### Generation Z (after 1995)

Characteristics: Two common features of Generation Z are entrepreneurial and tech savvy. They seem to want independence and may be driven by security. For this group, multi-tasking might come naturally.

What they bring to the workforce: This group usually prefers to chat face-to-face, despite the fact that they are tech-savvy and live in a connected world. Generation Z can adapt to various technologies quickly and pick up new applications.

* + 1. **Managing a Multi-generational Workforce**

The best managersknow that people, no matter what generation they belong to, are special and individual. For any baby boomer, Gen Xer, millennial, or Gen Z employee the general features listed above do not apply. That’s why the same strategies for are the best strategies for managing a multigenerational workforce.Some techniques to help you develop how you lead your multigenerational team are:

### Identify Preferred Management Styles

Employees from multiple generations can have different opinions on leadership and the achievement by a great boss.

Baby boomers think leadership need to be:

* + Consensual
  + Collegial

Generation X’s opinion on leadership is:

* + Competence is key
  + Everyone is equal
  + Asking why
  + Challenging others

Millennials try to find the following when it comes to leadership:

* + Achievers
  + Coaches
  + Mentors

If Generation Z starts to join the workforce, we should expect to hear more from managers and leaders on what they expect.

Speak to your individuals to learn how they interpret leadership, you will understand the need to make some changes.To better serve some of your workers, you need to make some changes.

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### Use Coaching to Help Employees Grow

PayScale research has shown that offering opportunities for learning and growth can have a significant effect on reducing employee turnover. So, to help workers discover the potential for growth within your business and spearhead their own growthpersonalized training can be an efficient way..A coach-manager can assist with the following:

* + Learn what workers see as the next stage of their career, then determine what it takes for them to achieve that phase.
  + Helping workers to decide what abilities they need to perform at a higher level and how they can learn those abilities.
  + Guiding staff through intense discussions and disputes.
  + Giving and asking for feedback, and training employees to do the same.

### Set Stretch Goals

By partnering with each employee to set targets, managers can personalize how they hold and promote a multigenerational workforce. There’s still another resolution to strive for, no matter how inexperienced or seasoned an employee may be.

Keep the following in mind when setting stretch goals for your squad:

* + Emphasis on enlarging a strength with supporting skills
  + Use an operational framework (like SMART goals)
  + Think about developing skills that widen or deepen an employee’s contribution (tangential skills or in-depth skills)
  + It is important to keep in mind how different generations can approach goal- setting and learning in general, as you set these goals for your employees.

You will use this information to provide your multigenerational team with the right form of help:

Your company must be equipped to handle a multigenerational team with diverse needs, beliefs, and goals as the workforce continues to shift and evolve. This will sound like such a challenge, but you will find success if you concentrate on your people as individuals, rather than as demographic groups. Treat the workers well, and in return, they will do excellent work.

* + 1. **The Challenges of Engaging a Multi-generational Workforce**

Working today also implies joining a team of different ages. You may be run by a millennial, but you may still be dealing with Generation Xers and baby boomers.

While more boomers work past retirement age and as tech-savvy millennials begin to graduate and join the workforce, each generation’s strong differences in beliefs, communication styles and work habits are becoming more pronounced.

“Every person comes into the office with different life experiences, perspectives and views, which is valuable to the company,” said Amy Casciotti, vice president human

resources at TechSmith Corporation, a business and academic software product company. “[Having] varying perspectives of seeing the world helps you to see more of the landscape and your company’s spot in it, and that’s a great thing.”

### Company culture

For younger generations, people often believe corporate culture means rooms with ping-pong tables and no fixed rules for the workplace. While these may be benefits, they are not generally what determines corporate culture.

* Hosting business activities and happy hours and celebrating joyful occasions are a perfect way for everyone to grow together.
* Whether it’s a summer pool party, celebrating birthdays in the office or hosting a secret Santa for the holidays, each event helps our team to grow closer and appreciate each other, regardless of age.

### Communication style

The differentiation in preferred contact styles between older and younger generations has almost become a cliché:

* Generation Y sends text messages, tweets and instant messages to connect, whereas baby boomers and older Gen Xers appear to use emails and phone calls.
* Leaders and staff interact with their colleagues in the ways that each person prefers.
* Bringing together staff members of various generations for face-to-face team- building activities and ice breakers will help break down some of the digital contact barriers.

### Negative stereotypes

For many older workers, these are only a couple of the words that come to mind when they think of millennials, and younger generation members are well aware of the stereotypical concepts they are up against.

* Younger employees may see baby boomers as difficult to train and stubbornly set in their ways.
* Leaders can help the situation by constantly searching for organizational discord created by misunderstandings and generational judgments, and intervening when issues arise.

### Cultural expectations

A consequent change in cultural norms has also occurred as the traditional workplace evolves to keep up with emerging technology and mobile job patterns.

* For older employees, who are used to evaluating success by the number of hours spent at their desks, this can be a particularly jarring transition.
* Generation Y participants appreciate and expect a balanced work-life balance.

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* For leaders, encouraging people to work in the style that is best for them and respecting the contributions of each team member, regardless of their working styles, is a good way to address this problem.
* Every age group must provide diversity and transparency in order for meaningful change to occur in the multigenerational workforce.

### Check your understanding

* + - 1. The

can be characterized as being competitive,

concentrated and goal-oriented. They are described by some as ambitious, disciplined and good team players.

* + - 1. like to be assessed not for their hours in the office, but for their

results. They prefer to work toward meaningful goals.

* + - 1. Cynicism, impatience and selfishness may be myths of this group, and others have

called them the “slacker” generation.

* + - * 1. Baby Boomer
        2. Generation Y
        3. Traditionalist
        4. Generation X
      1. Two common features of are entrepreneurial and tech savvy. They seem to want independence and may be driven by security. For this group, multi-tasking might come naturally.
      2. Their values can be defined by the prosperous post-World War II era, and they can be recognized for a strong commitment to collaboration and teamwork, and the development of interpersonal communication skills.
         1. Generation X
         2. Traditionalist
         3. Baby Boomer
         4. Millennials

### Summary

**A Multigenerational Work force in organizations**

* + A multigenerational workforce is a workforce made up of employees from different generations, such as the generation of baby boomers, Generation X, the millennial generation, and Generation Z.

### Workforce Generations

* + Silents or Traditionalists (1925–1946)

o Their values can be defined by the prosperous post-World War II era, and they can be recognized for a strong commitment to collaboration and teamwork, and the development of interpersonal communication skills.

* Baby Boomers (1946–1964)

o They may be more open to change than the previous generation, but may have a relationship of love/hate with authority and a sense of workforce entitlement, some experts claim. Typically, this generation works longer than their predecessors.

* Generation X (1964–1981)

o This generation is assumed to be responsible for the idea of work-life balance. They seem to have good technical skills and are generally more independent than previous generations, able to improve their skill set and take on fresh challenges.

* Millennials or Generation Y (1982–1995)

o This is the first generation to come of age during the internet’s rapid growth. In handling transition with an appreciation for diversity and inclusion, they are known to be among the most resilient. Millennials are typically today’s most trained generation of workers. Boomer parents have inspired many Millennials to work hard and set targets.

* Generation Z (after 1995)

o This group usually prefers to chat face-to-face, despite the fact that they are tech-savvy and live in a connected world. Generation Z can adapt to various technologies quickly and pick up new applications.

* Managing a multi-generational workforce
  + Identify Preferred Management Styles
  + Use Coaching to Help Employees Grow
  + Set Stretch Goals
* The challenges of engaging a multi-generational workforce
  + Company culture
  + Communication style
  + Negative stereotypes
  + Cultural expectations

### Activity

1. Make a ppt on all the workforce generations in depth then give examples of business icons from each of those generations. Do the characteristics in the book match those of the business icons?

### Glossary

* Cliché
* Colloquialisms

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### Questions and Exercises

1. List the challenges of engaging a multi-generational workforce
2. What are the characteristics of the Silents / Traditionalist generation?
3. List the qualities each generation expects in Leadership.

### Answers to check your understanding

* 1. Boomer generation
  2. Millennials 3. (d)

4. Generation Z 5. (b)

**Fundamentals of Human**

# Unit-5.4: Flexible Workforce

**Resource Management** 321

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## Objectives

### At the end of this unit, you will understand

* Flexible Workforce
* Benefits of Flexible Workforce
* Promotion
* Types of Workplace Flexibility
* Challenges of Workplace Flexibility

## Introduction

Several surveys are starting to draw a clear image of the future of jobs. The need for a versatile workforce is one facet of the future. Businesses and staff alike are searching for solutions for versatility. Apart from the conventional way of doing business, employees want the opportunity to earn money.Today, more and more businesses are recognizing the need to recruit those who are versatile and provide plenty of employees when the company needs it, and save money when it doesn’t.

## What is a Flexible Workforce

A flexible workforce may be a workforce which will perform a spread of various functions. In other words, it’s a gaggle of multi-skilled workers. The term ‘flexible workforce’ can also ask a workforce that grows and shrinks in size. Specifically, it grows and shrinks in size consistent with the employer’s needs. When orders increase, the workforce grows. On the opposite hand, when orders decline, the workforce shrinks.

Employers tend to prefer a versatile workforce because they will adapt the business to the changing marketplace rapidly. Employees, on the opposite hand, prefer a permanent workforce, because they need job security and benefits.

The term ‘flexible workforce’ can also ask the dimensions of a workforce.

Specifically, the one that grows and shrinks consistent with business volume levels.

In other words, when business volume rises, i.e., sales increase, the workforce grows. Conversely, when business volume declines, the workforce shrinks. This is often difficult to try to to if all of your employees are permanent workers. Firing permanent staff, in most parts of the globe, isn’t easy. It also can be extremely expensive.

A versatile workforce defines a workforce that is optimized for when it is needed. Depending on the nature of your business, this versatility can mean many things.It could mean hiring several temporary workers for an increase in business for certain organizations. Or, training temporary workers to take on full-time jobs. For larger organizations, a diverse workforce could be a combination of full-time, part-time, and temporary workers. A flexible workforce will help many companies, such as:

* Tax Preparation

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* Skilled Trade (i.e., Welder)
* Delivery Service (i.e., Food, Documents)
* Construction Work
* Restaurant/Events (e.g., Catering)
* Warehouse (i.e., Picking, sorting)

All of these (and many more) examples reflect industries in which demand for goods and services is influenced by seasonal changes, resulting in a fluctuating demand for workers that correlates with market shifts.

## Benefits of Flexible Workforce

In a number of industries, staffing remains rigid, despite the number of companies that have consistent peaks and slow periods in their company. During slower times, having more workers than required and less hands-on deck during busy times creates pressure, mostly on the bottom line. A versatile workforce has various advantages in addition to alleviating these problems.

### Well-Timed Workers

You definitely wouldn’t have scheduled the first employee to come in at noon if the company opened the doors at 10 a.m. So, if a caterer is busiest in the months of Spring and Summer, during those periods you would like more waiting and kitchen workers. Some would agree that makes sense. However, when your company takes an uptick, do you find yourself struggling to find assistance? And those upticks, are they predictable?

One piece of the puzzle knows when these increases are likely to happen. The other is getting trained staff at-the-ready.

### Lower Overhead

Music to the ears of business owners is additional money to reinvest in the organization or boost profitability. Labor is the number one cost in many companies. Reorganizing the workforce into a scalable model involves getting more employees when you need them and, if you don’t, less employees.It might be time for a new system if you find yourself recruiting during the busy seasons and letting turnover take care of your jobs during the other periods.

### Happy Workers

Flexible employees are also happier than those in a more conventional position. The majority of company owners understand that new employees are typically excited and eager to learn. The time and expense of preparation is generally the only thing that makes executives slow-to-hire. Using a trained and temporary staff, however, could mitigate this struggle, leaving the organization with more upside.

### An Increasing Field of Skilled Workers

Only a couple of the buzzwords that have been rolling around the business world for a while are the phrases “side hustle,” “flexible jobs,” and “remote work,” and these

ideas continue to gather steam. Part-time, flexible staff are utilized by more and more organizations.

### Some more benefits

There are many benefits of a flexible work environment. It helps employees achieve a more influential work-life balance, prompting increased employee happiness and enhanced spirit. This also ensures that representative turnover is minimized, similar to the cost of registering and training newly hired workers.

Faithfulness, loyalty, and maintenance are strengthened, facilitating the efficacy and primary concern of an organization.

Employers who have homework or telecommuting can minimize costs with fewer office space requirements; telecommuting can also have a beneficial ecological impact by disposing of lengthy drives.

As far as they are concerned, versatile workers are willing to do whatever is necessary to accomplish the job, irrespective of whether it means taking on more tasks, performing different undertakings, or doing more grinding away. Consequently, their boss has more to bring to the table than delegates who can only run a few errands. Finding officials who are able to go outside their planned set of obligations ensures that organizations do not have to find someone to take on further jobs.

### Promotion

Promotion is the arrangement of current people at a higher evaluation than the one recently kept from workers to one more post or office. This may be the consequence of either a fruitful application for an advertised opening or individual development, if necessary.

### Academic staff

An annual exercise is performed to consider applications for promotion to the professor, reader, or senior lecturer’s workplace. In order to facilitate applications, the operation involves the accommodation of indicated documents, which is then considered by uniquely collected advancement boards of trustees.Each office has rules assigned and a pattern edge to which applications are evaluated. The job is deeply serious, and careful prioritization occurs. Not all applicants make success in any operation.

### Academic related staff

Up gradation to a higher grade occurs only when the obligations of the basic job have changed adequately to warrant regrading, through any other means than methods for a successful application for a publicized opportunity. Human Resources are reviewing the refreshed job representation (structure/form PD33) using the HERA job investigation strategy to determine the latest assessment.Project subtleties are distributed on the web of the Human Resources Division.

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### Contract research staff

Promotion within the framework of a current exploration project includes a recommendation, upheld by the support of the review and the head of foundation, that the duties assumed by the employee coordinate the traditional job profile for the higher assessment.Advancement to Senior Research Associate needs the substantial Faculty Board’s support.

Evidence of achievement equal to the exploration/grant measures used to consider applications for advancement to the equal assessments of Reader (Principal Research Associate) or Professor (Professor) is required in situations where promotion is considered for higher assessments (Director of Research).

With regard to business growth, it is important to be able to generate new tasks and improve current components within the company for its overall achievement. A organization is required to start choosing new skills or progressing within them at the moment that this happens.This can be a severe decision, especially if you have extremely talented and dedicated members in your organization who are looking for a rank. Yet, there is still an unfamiliar skill that requires a hands-on-market opportunity.

* + 1. **Types of Workplace Flexibility**

For 53 percent of workers, flexibility to combine work and life is a very significant feature of job satisfaction. What are you doing to help workers boost their relationship between work and life?

Some would look for a career with more flexibility when workers are limited to rigid working hours or a single place of work. With flexible work structures, some organizations can tackle turnover.Keep reading about the arrangements your organization will be working on.

### What are flexible arrangements for work?

Flexible work arrangements (sometimes referred to as flexible work schedules) enable workers to change their time or place of work. These arrangements allow workers to develop their work schedule around their lives. It is also expected that workers can work a certain amount of time and complete all their tasks.

As technology advances, flexible work schedules have gotten more common. Even if you’re not at the company at the same time or if the worker works remotely, workers will communicate with you.

### Types of flexible work arrangements

There are many kinds of job schedules that are flexible. The best choice depends upon the wishes of your organization and employees.

“The key goal when employers offer flex schedules is to attract and retain superior employees,” says Susan Heathfield, a human resources expert. “So the employer’s advantage is to offer a variety of flexible options that meet the needs of the employees and their lifestyle choices and needs. If employees are happy, employers benefit.”

Here are some of the versatile work options you can use at your business.

### Telecommuting

Telecommuting helps staff from anywhere to work. Workers can easily communicate with you and their colleagues by using a computer and telecommunications technologies, such as video conferencing software. Employees may work from home or on the road.

### Alternating locations

Employees working at your organization would even be able to operate from other places. You should let your workers alternate from where they work. For example, an employee could work four days a week at your company and then work on the fifth day from home.

### Flextime

Flextime allows staff to pick their start and end times, while working the same number of hours per day. Employees may begin and end work every day at the same time or change their timetable depending on their life events. An employee could go to work at 7:30 a.m. instead of working a traditional 9-to-5 schedule and leave at 3:30 p.m.

During a core set of hours, your small business attendance policy can enable your workers to be at work. You might suggest, for example, that all workers must be at work between 11 a.m. Uh, and 3 p.m. By doing this, all the staff are at work for a couple of hours at the same time. The need for core hours could improve teamwork and meeting times.

### Mealtime flex

Mealtime flex encourages workers to take their lunch break whenever it is most useful for them. Without having to use time off, workers can switch their break to attend appointments. Some staff may even choose to take a shorter break and stop work early.

### Compressed workweek

In fewer than five days, a shortened workweek enables workers to work 40 hours. An employee could work and take the fifth day off for four 10-hour days. Employees may also compact their time every other week and get a three-day weekend.Employees work 80 hours for 9 days to do this, and then take the 10th day off. A shortened workweek could force workers to work overtime because after an employee works a certain amount of hours per day, some state laws mandate overtime pay.

### Part-time work

Part-time jobs encourage workers to earn money while still having a lot of time outside the workplace. A continuous or fluctuating collection of hours could be worked by employees.

### Job-sharing

Job sharing is when the duties of one full-time job are shared and done by two workers. The workers both work part time. To split the assignments, they work together. Job sharing encourages workers to do a job that wouldn’t usually be full time.

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## Challenges of Workplace Flexibility

Flexible work schedules do have downfalls, considering all the advantages.

For certain organizations and sectors, flexible work arrangements may not be a good match. If you have a small store or restaurant, when customers are there, you need to have workers at work.

It could be hard to bring your staff together at the same time, depending on your flexible work schedule strategy.It could take a hit for meetings and collaboration.

Flexible schedules for work can also make control of attendance challenging. Especially if they are remote, you cannot closely track exactly when employees are working. You must trust the workers. We also want to make our offices fun, versatile environments, as entrepreneurs, where our workers can feel happy and comfortable doing their best job. But if you’re in charge, learning how to incorporate a genuinely agile workplace and retain profitability and power can be hard work. Below, I share my experience and thoughts of implementing several of these policies within my party, Biz Latin Hub.

### Being a flexible boss

I know how hard it can be to keep your workers in line and give them independence and flexibility while retaining control and authority from running my own company. I’ve worked with corporations around the world as the co-founder of a back office services firm, and I see time and time again how businesses are afraid of change. If they are not able to adjust the way they do things or see things from a different viewpoint, even organizations with award-winning goods and the very best managers and workers will fail. Here’s my advice: a positive thing is improvement.

One of the reasons our company has been so successful is that we have been able to grow into new territories in Latin America, and when we did, we had to find new talent to deliver our corporate services and focus on business growth in each of those countries. The reality is that each nation is different, and, for example, an employee in Peru can have very different needs to an employee in Mexico.Not only are there cultural differences, which may mean that workers have different attitudes to work, loyalty to the organization and development, but there are also differences in laws and regulations. For example, employees in one country may be entitled to 30 holidays each year, while in another, employees may receive only public holidays.

Being a versatile manager is about putting the organization at the forefront of all these variations, and also understanding that no two workers are the same. Time and time again, for example, we see how crucial it is for organizations to be aware of the mental health of their workers, because being a positive and versatile boss would help them to succeed and feel secure in their working environment.They won’t perform to the best of their abilities if we don’t take the time to invest in our workers and give them the resources and help they need to succeed at work, and we won’t be able to use their core skills to take our companies to the next level.

If I would give business owners and managers who want to follow a more flexible working atmosphere one piece of advice, it would be to be more open and frank with the employees and schedule daily catch-ups and meetings to keep track of their

circumstances and needs. You can see a spike in absenteeism if you don’t, or even see the best talent leaving the company.

### Working from home

One thing that I think sets our business apart from others is that, when and when they want, we encourage our employees to work from home.There are a number of reasons why we do this, and some of the most obvious include minimizing the commuting time of workers, helping their productivity levels, finding that employees who can work from home tend to call in sick much less than those who need to drive to the office every day, and that employees who can work from home tend to be more loyal and want to stay with the company versus employees in office-based roles.

Other advantages include an expanded pool of applicants (we can find and recruit the very best talent, even though they are not in the same city or country as we are), and workers can go to appointments without taking time off from work (such as doctors, dentists or opticians). Finally, the added bonus is that we spend less cash on office rooms, technology, heating and insurance.

Allowing workers to operate from home, however, has some disadvantages. One of the biggest is that without other human contact, workers can go through the day and that it can be difficult for them to sign off at the end of the working day.When working from home, there are often many distractions, whether it’s doing the dishes, dealing with the kids or catching up on TV shows, and working from home can also reduce productivity.There’s also the reality that it may contribute to an unhealthy lifestyle, see a decline in contact and teamwork, and if any of your workers work from home and you don’t have a physical office room, you can suffer from a bad image. However, there are several easy ways of reducing these negatives.

We work hard with our workers at our company to guarantee that they are well looked after and have the power to make their own choices. Say an employee needs to go home early to take care of their kids or watch a football match - they can make up the hours if they can.We arrange catch-ups via Skype for our employees who work overseas or from home to promote cooperation and get input and ideas, and we encourage workers to work from the office whenever they want to. Being versatile is all about giving and taking, but note that you’re the boss and can ask workers to work at a moment’s notice from the workplace if you think the company would benefit from it.

### A flat management structure

Another way you can make your employees more agile is to adopt a flat structure of management, where there are little or no layers of management.There are a number of reasons why this strategy is so effective, as it not only gives workers transparency in their work, which increases efficiency and satisfaction, but it reduces excessive management levels and allows us to pay more equally to our employees.It also means that we can make decisions much quicker than if we had three management levels, and it increases productivity as it reduces the need for managers, executives and other roles in the business.

There are some limitations to this approach, of course, which we have to work hard to solve.When working on a job, not having a particular supervisor to report to will cause uncertainty, and as we continue to expand, we will definitely struggle to change

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our flat structure and will have to look at other systems instead, such as splitting the business into smaller manageable units or all of their necessary hours.

### Check your understanding

1. For 53 percent of workers, flexibility to combine work and life is a very significant

feature of job satisfaction. True / False

1. allows staff to pick their start and end times, while working the same number of hours per day.
2. There are a number of reasons why we do this, and some of the most obvious include minimizing the commuting time of workers, helping their productivity levels, finding that employees who can work from home tend to call in sick much less than those who need to drive to the office every day, and that employees who can work from home tend to be more loyal and want to stay with the company versus employees in office-based roles. True / False
3. is when the duties of one full-time job are shared and done by two workers. The workers both work part time.

### Summary

**Flexible Workforce**

* + A versatile workforce defines a workforce that is optimized for when it is needed. Depending on the nature of your business, this versatility can mean many things. It could mean hiring several temporary workers for an increase in business for certain organizations. Or, training temporary workers to take on full-time jobs. For larger organizations, a diverse workforce could be a combination of full-time, part-time, and temporary workers.

### Benefits of Flexible Workforce

* + Well-Timed Workers
  + Lower Overhead
  + Happy Workers
  + An Increasing Field of Skilled Workers

### Promotion

* Promotion is the arrangement of current people at a higher evaluation than the one recently kept from workers to one more post or office.
* Academic staff
* Academic related staff
* Contract research staff

### Types of workplace Flexibility

* + Telecommuting
  + Alternating locations
  + Flextime
  + Mealtime flex
  + Compressed workweek
  + Part-time work
  + Job-sharing

### Challenges of Workplace Flexibility

* Being a flexible boss

o It can be hard to keep workers in line and give them independence and flexibility

while retaining control and authority from running a company.

* Working from home

o One of the biggest is that without other human contact, workers can go through the day and that it can be difficult for them to sign off at the end of the working day. When working from home, there are often many distractions, whether it’s doing the dishes, dealing with the kids or catching up on TV shows, and working from home can also reduce productivity.

* A flat management structure

o When working on a job, not having a particular supervisor to report to will cause uncertainty, and as we continue to expand, we will definitely struggle to change our flat structure and will have to look at other systems instead, such as splitting the business into smaller manageable units or all of their necessary hours.

### Activity

1. Take a survey of 100 people and ask them if a flexible work environment is an

important aspect they look for when applying for a job.

### Glossary

* Alleviating – make (suffering, deficiency, or a problem) less severe
* Mitigate – lessen the gravity of (mistake or offense)
* Uptick – a small increase or slight upward trend

### Questions and Exercises

1. List some of the benefits of a flexible work environment
2. What are the challenges of a flexible work environment?

### Answers to check your understanding

* 1. True
  2. Flextime
  3. True
  4. Job sharing

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# Unit-5.5: Role of Technology in HRM

## Objectives

### At the end of this unit, you will understand

* Role of technology in HRM
* How is Human Resources Evolving with Technology
* Using HR Technology (e- recruitment, e- selection, e-learning, e- compensation etc.)
* Future of HRM using Technology

## Introduction

The way HR divisions contact personnel, store files and assess employee output is altered by technology. Technology, used well, makes HR practices more successful. It can get in the way of handling the human capital of the business when used poorly. Good HR procedures optimize the advantages and mitigate the issues.

The way HR divisions contact personnel, store files and assess employee output is altered by technology. To get an overall view, technology makes it easier to collect and break down data on employees.

## How is Human Resources Evolving with Technology?

Where every part of our lives has been changed by technology, it is not shocking that it also has a significant effect on human capital. The way we contact our staff, store corporate files and assess employee performance has changed with new technological advances.

Technology can have a positive effect on any company’s HR activities if used properly. It does so by making the department of Human Resources more formal, coordinated and efficient. It must, however, be taken into account that using it in the wrong manner may have detrimental effects on the company’s entire structure. This article sheds light on the evolution of Human Resources with technology.

### Ease in Analyzing Employee Data

By now, it will undoubtedly be obvious to you that technology is the undisputed future of HR. Another way that technology supports our HR is by analyzing employee data effectively. In the past, what was a systematic method has now been reduced to a few taps.

Companies have certain conditions that need to be met in order to determine if their workers are meeting their objectives. This method has been made easier and more effective by numerous applications to track employee efficiency. Not to mention that it is much less time-consuming.

You can quickly compile information and use it to assess how your worker performs. Computer systems and frameworks allow it easier and less difficult to evaluate employee performance data. It must not be forgotten, however, that there are

still certain problems requiring human judgment. The latest developments are simply a tool that will strengthen and complement the functionality and efficiency of HR.

### Bridging the Communication Gap

This is perhaps the most apparent benefit that technical gadgets have over the HR of a company. Technology makes it easier to interact due to the emergence of various media. In a matter of seconds, via emails, text and other messaging apps, you can easily communicate.

Many businesses use a fixed means of communication and exchange files and messages through various online forums.Just a few programs used by businesses to connect are Skype, Slack, and Basecamp, etc. These messaging apps have made it easy for HR workers to stay in touch with the rest of the team. For instance, if the Project Manager wishes to adjust the time of the meeting, he simply has to give his team an email and cc it to the HR.The rest of the plans from there will be taken care of.

However, there are certain pros and cons, as in any technical invention. Technology can prove to be more time-consuming in some cases. It is easy to verbally communicate information exchanged via a 2-page email. The verbal method of communication is still known as one of the best ways to be up-to-date in communication. This is partly because facial expressions can be readily interpreted and it provides more opportunities to ask questions.

### Easier Recruiting

Anyone working in HR must be well aware of how tiring the recruitment process is and how time-consuming it is. Not to mention expensive ones as well.

Companies have automatic screeners on a candidate’s resume that identify abilities. In the early stages of recruitment, this made hiring decisions incredibly straightforward. The individuals in the HR department no longer need to go through and dig through tens of thousands of emails. They may easily use the screeners within seconds to sort them out.

It is only the last stage that needs human decision-making skills in the HR process. Companies and companies depending on instruments to assist with their recruitment process have been expected to be more competitive in the future.

### Increasing Efficiency

The drawbacks to extensive technology usage can be debated, but it cannot be denied that technology is the best way to improve productivity.The knowledge is recorded more systematically and, if one wants it, it is readily accessible. In addition, the HR time that was too busy earlier in administrative duties will now focus their time on problems that need more attention.

The HR no longer has to fight through mountains of documents, messages can easily be drawn up using online resources.With the accessibility of online resources, even PDF Editing is no longer a problem. It has offered a chance for human resources to be more coordinated and reliable. This has a beneficial effect on employee productivity as well.

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### Security Concerns

In the HR department, technology has raised some security issues. Having data online leaves many businesses vulnerable to security risks. Therefore, make sure you follow those security protocols if you are planning to go all tech in your HR Department.

In order to protect them from unauthorized users, passwords must protect any business file.The machine credentials of company devices must be updated regularly. Firewalls and anti-malware should be routinely enforced and modified. Basic training should be provided to HR staff on online security threats and how to effectively avoid damaging the confidential data of the organization.

Without a doubt, technology has brought the positive change we need in our HR department.It must also be stressed, however, that technical innovations are nowhere close to human decision-making skills. One can only argue that AI can overthrow what only human beings possess. The reality is somewhat different. There are also some tasks that can be fulfilled only by humans. This makes us wonder if we really need technology for our businesses. Yes, the answer is yes.It is important to follow those technology trends to make your name in the market. Technological practices will protect your position on the market and make your workers more aware of what’s going on across the globe. You and your business depend entirely on the degree to which you choose to rely on these activities.

* + 1. **Using HR Technology**

E-HRM is the (planning, development and) implementation of information technology for both networking and promoting the joint performance of HR activities by at least two individual or collective actors.

E-HRM is not the same as HRIS (Human Resource Information System), which applies to HR departments’ ICT systems. Nor is it the same as V-HRM or Virtual HRM, which Lepak and Snell classify as“…a network-based structure built on partnerships and typically mediated by information technologies to help the organization acquire, develop, and deploy intellectual capital.”

In essence, E-HRM is the transition of HR roles to management and personnel. Usually, they access these functions through the intranet or other channels of web technology.Empowering managers and workers to perform those chosen HR roles relieves the HR department of these duties, allowing HR employees to concentrate less on the organizational and more on the strategic aspects of HR, and allowing companies to reduce the level of staffing of the HR department as the administrative burden is reduced. It is expected that these developments will become more evident as E-HRM evolves and becomes more ingrained in business culture, but they have yet to be manifested to a large degree. A 2007 CIPD survey says that “The initial research indicates that much-commented-on development such as shared services, outsourcing and e-HR have had relatively little impact on costs or staff numbers”.

E-HR is commonly used all over the world by leading companies. Its regions are steadily expanding.

### E-Recruitment

Nowadays, online recruitment has become a popular and easily accessible recruitment process. Traditional ads, print media, booklets, and magazines are currently being substituted or acting as a replacement for online recruitment (Parvin, 2013).

Online recruiting has altered the internal structure, procedures, and competencies of many organizations as the most important innovative feature of the Internet (Bell and Sutton 1998, Freeman 1999, Day Mar 2000).

It is synonymous with the terms e-recruitment, online recruitment, cyber-recruiting, or internet recruiting. They mean systematic online sourcing of jobs (Ganalaki, 2002). It is a complete process including work ads, receiving resumes and maintaining a database of human resources for candidates and incumbents.

Online recruitment is one of the global patterns for HR functions, also known as e-recruitment (Bussler& Davis, 2002).It has developed into a sophisticated interactive engine that can practically automate any aspect of the recruiting process (Joe Dysart, 2006). The internet can encourage employee selection, especially where long distances are involved (Galanaki, 2005).

Over the past few years, e-recruitment has evolved exponentially and is now commonly used by both recruiters and job seekers worldwide(Cober& Brown, 2006). The internet has proven to be a powerful platform for providing various types of services under the umbrella of EHRM, such as HR preparation, HR appraisal, HR incentives, and HR recruitment, etc.

Vidot (2000), indicated that the use of the internet to attract high-quality applicants is e-recruitment, screening acceptable profiles, streamlining the application and selection process.The Internet has had an impact on the world of human resources (Bussler& Davis, 2002).

Caggiano (1999) &Borck (2000) have argued that internet-based recruiting will not replace conventional recruiting methods, but a well-implemented e-recruitment strategy will help to make the recruitment process more efficient.Hogler (1998) suggests that by using the power of the internet to connect people with work, employers can electronically advertise jobs, scan and store resumes, administer assessments and contact eligible applicants.

### Advantages of online recruitment

The recruitment functions are known as e-recruitment, including recruiting eligible candidates, screening potential profiles, rationalizing applications and selecting processes through the internet (Bussler and Davis 2002).

Employers and candidates will face both benefits and drawbacks by using the internet instead of more conventional recruiting channels(Tong &Sivanand; Bartram 2006, Baillie, 1996; McDougall, 2001; Mohamed, 2002, Greengard & Thaler-Carter,

1998).

For modern recruiters, online recruiting and the use of new digital technologies have several benefits. There are some of those listed below:

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* It makes it easier, cheaper and more effective to find applicants and new business opportunities;
* E-recruitment has made it possible to become more complex and engaging for corporate bodies and job seekers;
* E-recruitment increases the efficiency of the recruiting process;

E-recruitment has built a powerful way to identify future applicants who do not necessarily want a change in their current employment, but are open to the right opportunity.

To conclude, the general benefits of e-recruitment of e-recruitment include shorter recruiting cycle time, appeals the passive job-seeker, givesconstant global coverage, the ability to target particular labor market niches, spreads over a wider range of applicants, provides the company with a more up-to-date image, improved quality of response low cost, easier to apply for job, decrease of unqualified applicants, more prospects for smaller companies, less invasive, applicants are young, educated and knowledgeable in computers, thereby, displaying some interest in the recruitment company.

### Disadvantages of e-recruitment

However, some universal disadvantages of e-recruitment are:

* + It differentiates between the internet user and non-internet user.
  + It makes a conflicting impact on ethnic minority groups causing a limited demographic scope.
  + It is unsuitable for top management profiles.
  + It creates large volumes of unqualified and low-quality applicants (e.g., one million candidates contest in the Civil Service Examination for one thousand posts).
  + It wavers both the worker and the business to judge whether one is the best choice for another.

### E-Selection

Where e-recruitment terminates, E selection begins. E- selection is described by Gueutal and Stone (2005) as a process of web-based research, face-to-face interviews and job offers.

In order to accomplish certain particular goals, most organizations use e-selection, such as cost savings, optimum use of human capital and sustainability.Organizations need to consider few procedural criteria, including architecture upfront, vendor selection, and project steps, evaluation steps, and test event protocol, and feedback to applicants, in order to run e-selection properly.

### E-Learning/Web-based training

Web-based training (sometimes referred to as e-learning) is anywhere, anytime guidance given to browser-equipped learners via the Internet or a corporate intranet. Web-based training has two main models: synchronous (instructor-facilitated) and

asynchronous (self-directed, self-paced). A combination of static techniques (learning portals, hyperlinked websites, screen cam guides, audio/video streaming, and live Web broadcasts) and interactive methods (threaded discussions, chats, and desktop video conferencing)can provide guidance.

The ideal solution to meet the needs of lifelong learners is web-based training because it is available on demand, does not require travel, and is cost-effective.

Critics point out that for autonomous, self-motivated students, web-based training is a reasonable option, but that technological difficulties and the need for human interaction hinder its utility for students with other learning styles.

E-learning involves different media types that provide text, audio, images, animation, and video streaming, and includes applications and processes for technologies such as audio or videotape, satellite TV, CD-ROM, and computer- based learning, as well as local intranet/extranet and web-based learning. In or out of the classroom, e-learning will happen.To offer computer-based instruction, many businesses use the internet.

Many of the training materials were moved to the CD-ROM system by excellent firms. Distribution costs are almost zero for training via the internet. It is cost-effective to provide instruction via the CD-ROM system.

To promote e-learning, various tools are used.Some e-learning uses methods that include blogs, shared apps, and interactive classrooms.

### Audio

The radio is around and has been around for a long time. It is used in classrooms for schooling. Recent innovations have allowed the streaming of audio over the internet by classroom trainers or instructors. Webcasts and podcasts are now available for students and teachers to download for free over the internet.

### Video

Videos allow a teacher to meet visual learners who are trainees who prefer to learn better by seeing the content rather than listening or reading about it. Instead of depending on DVDs or VHS tapes, trainers can access video clips through the internet. There are many coaches using web pages like YouTube. To communicate with guest speakersand other experts, they can use messaging programs like Skype, Adobe Connect, or webcams.

### Videoconferencing

The advantages of videoconferencing were stressed by Emery and Schubert. They claim that businesses use video conferencing to train employees who are distant geographically from each other or from the teacher.

Video conferencing enables individuals in one location to connect with individuals in another city or country or with groups in multiple cities through a combination of audio and visual equipment. Keypads permit audience interactivity.

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### Computers, tablets and mobile devices

Computers and tablets provide access to websites and other programs for students and teachers, such as Microsoft Word, PowerPoint, PDF files, and pictures. M-learning is supported by many mobile devices.

### Blogging

Blogs allow trainers and trainees on a website to post their thoughts, ideas, and comments. In order to create an engaging learning atmosphere, blogging encourages students and teachers to express their thoughts and comments on the thoughts of others.

E-learning has merits as well as demerits. It is a tool which is user-friendly.E- learning is self-paced and easy to update, engaging and reliable. It is not without limits, however. Trainee anxiety may be induced, requiring tremendous upfront and significant investment. Support from top management is a must to execute the e-training program.

### E-performance management

By its name, E-Performance Management refers to performance management with the assistance of electronic systems. E-Performance Management, a web-based tool, is designed to make it easier than ever to analyze performance.

An online performance assessment scheme is a software program that enables the online completion of performance assessments. It can be combined with an employee job description module, enabling managers to pull details from the position description of the employee and incorporate this information into the assessment.

In addition, it may serve as a historical archive, preserving past evaluations and allowing over time comparisons between evaluations. The primary benefit of these systems is the accessibility of data from any device with Internet access at any time, as well as the ease and speed with which accurate HR-related reports can be produced.

An effective e-performance management system can play a very important role in the management of an organization’s performance through:

* Ensuring that workers recognize the value of their contributions to the aims and goals of the company.
* Ensuring that each employee knows what is required of them and also decides if the employees have the expertise and support needed to meet those expectations.
* Ensuring that priorities are adequately matched or connected and promoting good collaboration within the organization.
* Facilitating a cordial and harmonious partnership, founded on trust and empowerment, between an individual employee and the manager.

As shown below, an efficiently applied e-performance management system will support the company, managers, and staff in many ways:

### Organization’s Benefits

It enhances organizational effectiveness, retention of employees and loyalty, increased efficiency, overcoming communication barriers, direct accountability.

### Manager’s benefits

Managers gain instant feedback on results by digging down to the performance of individual workers. With this, there is no need per year to rewrite performance contracts.They could easily upload and edit from a previous time and then the needs arising from performance discussions will be fed into the individual development plan automatically to improve them.

### Employee’s benefits

Clarifies employee priorities, opportunities for self-assessment, clarifies job responsibility and leads to better results, clearly specified career pathways and encourages job satisfaction.

### E-Compensation

E-Compensation represents a web-enabled approach to a variety of compensation resources that allow an entity to “collect, store, manipulate, analyze, use and distribute information and information about compensation.” The e-compensation tools are web-based, rather than client-server-based or stand-alone PC-based, as opposed to previous compensation software.

This enables the client to access electronically distributed reimbursement software, databases, and analytical resources from virtually anywhere on the planet by using an internet browser.

E-Compensation tools can allow HR managers to efficiently adjust compensation structures to address current challenges, manage and sustain all dimensions of equity in the design of pay plans, and align compensation systems with the organization’s strategic management.

Overtime allowance is one of the overheads under the Human Resource Department’s benefits administration. The application of electronic technology to the role of human resources results in increased management and cost savings.

Biometrics is the newest design of electronic technology for the precise maintenance of human beings with zero errors or frauds.Biometrics scans the human finger and permanently stores it as its identity and evidence that it is present.

Many businesses entrust biometrics with attendance management that gives precise attendance dates with an in and out period of jobs. It is possible to reliably track the time the worker remained in office at work and thus pay sufficient remuneration for his total working hours.

Biometrics plays a very important role in the control of employee work time along with wage management and also in cost saving by monitoring the organization of employee work time.

In a complex and competitive world, Lepak (2009) names three main ways in which e-Compensation tools support HRM professionals:

Increase access to critical compensation data (for example: knowledge management databases, best practices internal and external, individual equity design, competitive information) by basically on an as-needed base without devoted

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IT staffs and sophisticated IT structures,allow round-the-clock obtainability of pertinent compensation information to managers and employees company-wide, therefore making critical compensation information readily available to back decision making,streamline cumbersome bureaucratic responsibilities through the introduction of workflow functionality and real-time information processing, so HRM professionals’ output can be increased. E-compensation schemes also allow managers to create budgets, model the effect of reward schemes and ensure the fairness of decisions on wage allocation.

Such programs, for example, offer managers access to compensation information that can be used to budget and model the costs of reward systems with various components (e.g., profit sharing, merit increases, stock options).

In addition, these programs can be connected to e-performance management systems, raising the odds that employee performance is dependent on pay rises.

## Future of HRM Using Technology

Human Resource Management (HRM) covers practices in the organization, such as hiring, recruiting, improving and rewarding individuals. The goal of HRM must be to achieve competitiveness in the field of HR by offering continuous educational and training programs for the personal and professional advancement of the organization’s employees.

Information and Communication Technology (ICT), such as the Internet, mobile communication, new media, and so on in HR, has been conventionally proven to contribute substantially to the fulfillment of the organization’s staff policies. Technological innovation can have a major influence on an organization’s HR department.It helps the company to strengthen its internal processes, core competencies, relevant markets and overall organizational structure.

Human resources must be specifically based on the organization’s strategic goals. To implement an IT strategic plan for the company, these strategies must be directed. These are tasks linked to the advancement of the entity’s technical infrastructure, such as product (research and development) design and IT systems.

The creation of technology is an essential activity within the organization for the innovation phase, which may require expertise gained. In this sense, all activities can have some technical substance, contributing to greater technological development.

The effect of information technology on organizations that operate in a competitive world may be greater. This would contribute to greater human resource productivity and effectiveness. Therefore, the productivity of the organization would be improved by using the IT program for database management and advance recruitment method.

Nevertheless, human resource management creativity will manifest itself in a variety of ways:

* To detect resolutions quickly and flexibly during a negotiation
* To find new ideas for products and services
* To recognize new markets

To produce a positive effect on HR, technologies such as these are supplemented by information technology. Rosabeth Moss Kanter, one of the leading management thinkers of her time, concluded that creativity (developing new goods, providing new services, and operating methods), entrepreneurship (taking business risks) and inclusive management (encouraging all employees to participate in making decisions about work) would rely on the re-birth and performance of business organizations.

Technology (ICT) can make the subsequent main impacts in Human Resource Management.

### Better services to line managers

The primary interest of both HR and line managers is the company’s success. The primary function of the human resource is to support the organization’s workforce needs.Strategic planning between HR and line managers is essential to evaluate projections about future business requirements in order to determine whether to train current employees, prepare them for promotion or hire candidates with the highest level of skills to complement the existing employee knowledge database. Therefore, training and development of line managers in IT tools will prepare line managers for a number of tasks of leadership.

### Enhancing management

IT tools for human resources that can complement management and improve effectiveness and efficiency, which can lead to the success of the organization as a whole.Currently, for example, SuccessFactors Solutions has developed a talent management HR IT tool for Hilton Worldwide, which has a global operational capacity. Organizations around the world, regardless of the size of the organization or the industry, are pushing to improve organizational performance. Managers measure performance within the organization, sometimes by comparing it to a benchmark.To advance the performance of the organization, they analyze and assess their findings and design their controls accordingly.

According to the Gallup survey, the key feature of every company is to engage your employees with organizational goals.Management should also ensure that all departments improve their processes and controls and target their operations to better achieve the competitive differentiation of the company through what the staff do and how they do it. These can be better utilized according to the organization by customized HR IT tools.

### Effective recruiting

Nowadays, organizations have realized that without the use of IT, effective recruitment cannot be done. In order to find the best candidates for the position, organizations now use job portals on the internet. With the use of the internet, the method has been made effective as many individuals come to know of the offer and thus increases the likelihood of hiring effective employees.

On online portals, employers can present all necessary information relating to the job, careers and personal development of each employee. For the organization, this is a great promotional tool. Currently, Envoy has developed Asana, a recruiting IT tool that

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analyzes details down to where the high priority values of a potential candidate are. Not only do HR IT tools help to recruit the best potential, but they also helpretain it.

### Data management and critical analysis

When IT is used and it becomes paper-free, data management gets easier. Most of the monotonous work is not manual anymore. This improves the performance of the job and the effectiveness of it. Whether in a stable or an unstable environment, organizational performance can lead to the company’s timely success.Employees dislike jobs that do not offer much variety in their performance and are of a highly repetitive nature and ultimately result in low retention or reduced effectiveness.

The performance data of employees can be critically analyzed more often by HR IT tools if it is online and easily accessible to everyone. For example, an HR IT tool has recently been developed by Zenefits, which has made Passport completely paperless. Once it is submitted, the instrument is further hierarchy-sensitive and pings the manager for approval. This allows an individual to get rid of the difficulty of filling in the paperwork. Zenefits has thus helped Passport radically simplify and manage its HR internal processes by developing this HR IT tool.

### Inventory management tools and human resource management

Business-oriented entrepreneurs describe how customer intimacy, operational efficiency, and leading edge can make an organization’s performance more effective and effective. Customer requirements must be met through customization and by providing excellent cases for customers.

### Cost-reduction and efficiency

Xero wanted to save and make it easier to manage its resources. Xero then implemented with their payroll provider the benefits system of PlanSource and ACA compliance technology and now all their benefits are in one place and easy to access. This contributes to cost reduction and efficient processes and work. Johnson, Scholes and Whittington have correctly said, “Poor performance might be the result of an inappropriate configuration for the situation or inconsistency between structure, processes, and relationships.” Organizational performance can be enhanced through the implementation of goal management and the use of Human Resource Information Technology tools for a participatory style of management. The management of an organization is accountable for the performance and achievements of the organization to the owners of the business.Managers can only perform well and justify their authority if they produce the desired economic results, such as the profits they want to achieve in a period of time, for example. In order to maximize profit, yield, utilization and performance, management often uses the operation’s research.An organization’s management usually establishes a measurement system to set goals for change and measure organizational performance.

### Customer service and human resource management

The performance of the organization can also be described by assessing service reliability and understanding the quality of the organization’s customers.Benefit will come from delivering a reliable service, such that consumers know that at the promised

time, they can receive the service on time to a good performance level. Critical success factors and main performance measures should be updated as organizational change is imminent, and appropriate Human Resource IT resources must be built for better job quality.It will improve organizational efficiency by doing good quality work and delivering quality outcomes.

### Career development and human capital management

The career planning tool is a method focused on learning and experience that allows successful businessmen around the world to navigate their personal growth and career paths along with those of their employees.A main driving factor for workers to work consistently and effectively may be performance assessment and career development. In an organization, performance assessment and compensation programs create priority viewpoints, i.e., what is important and what is not so important. Sound performance management systems The HR IT method is therefore essential for the company. Such that people can rely on it, the device must be a sound one. Rewards programs can be updated in order to base the rewards for managers and other workers on performance goals as stored in the HR IT tools. As per the HR IT tool database, workers should be compensated for success based on the necessary actions and results.In addition, instrumentality (rewards system) influences motivation for the increase in organizational efficiency, according to Vroom, one of the best management theorists of his time. Managers must keep their promises of performance incentives and strive to ensure that workers trust that management can keep its promises.Performance targets, however, do not necessarily have to be financial targets. In other ways, such as acknowledgement, promotion, etc., they can be

The Human Resource Creation central process is one of HR’s main processes.This HR tool includes all details on the succession planning of the employee, assessment of overall performance and analysis of individual potential, including the comprehensive profile of the employee. It also requires a periodic agreement on business goals over a period of time between the individual and the supervisor. This leads to the continued growth of the career of the employee.The great benefit of this tool is that data is stored in the database until inserted into the system and can be attained in the future. This results in significant cost savings as well. Standard Life Group recently provided Oracle Human Capital Management Solutions with an HR resource cost optimization platform. By building up the empowered workforce, it further leads to the strategic transformation of the company. Employees need feedback on their performance. Employees need to be told about their actual results and their predicted success. In this way, they can recognize their own standard of success within the organization.For workers who work overtime and have positive results, incentives must be maintained. All such information is integrated into this HR IT management tool.

According to a survey of 37 Turkish companies applying IT to HRM, the workers suggested that they are pleased with their market climate and that they operate efficiently.The survey indicates that these businesses use HR IT resources which should include all HR processes that will maintain all aspects of HR from “Recruit to Retire” functions within the business.

Human Resource IT resources have great organizational impacts; provide better services to line managers, serve as a pipeline connecting all companies with personal

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policy and personal processes, promote company staff management, provide essential data for strategic personal decision-making, and allow HR assistants to acquire and evaluate information quickly and minimize costs of labor at performance of personal activities.

Globalization makes one understand how, in the sense of human resources management, IT can lead to the fulfillment of business strategy in order to guide the organization towards quality and to achieve market competitiveness.Research demonstrates that IT supports the moderate achievement of HR goals and the precise HR information system implementation plan will greatly help the company’s HR strategy to achieve established main performance indicators (KPI). This should mainly involve what needs to be done.This implies how the KPI can be helped by HR IT tools and what kind of HR IT tools should be preserved.

### Automation of HR processes

The management of human resources is an extremely complex domain that requires multiple processes. And it also happens that, instead of concentrating on more pressing problems, HR specialists waste so much of their precious time on mundane, monotonous tasks.

The incorporation of technology into the HR workflow frees the workers from a great deal of everyday work. Process automation removes paperwork, speeds up the execution of several projects, and leads to more successful HR efficiency.

Technology development ensures that businesses can use the latest technologies, such as machine learning for reviewing resumes and virtual reality for new hires on board.

It is necessary to note, however, that without individuals, the entire HRM domain is impossible.A lot depends on an HR specialist’s empathy and expertise, but the deployment of technology can greatly increase a single specialist’s quality of work.

### Availability of HR tools

HR professionals struggled some time ago with countless phone calls, emails, and paperwork. They had to bear in mind hundreds of protocols and assignments. Now, there are hundreds of HR instruments available that are specifically developed to promote and maximize the work of HR specialists.

The aspects of the HR software include:

* + Streamlining workflows
  + Organization and management of employee data
  + Creation of detailed employee records
  + Social collaboration
  + Management of payroll, vacation, and bonuses

The transition to a digital working environment helps modern HR practitioners to execute these tasks more efficiently and therefore pay more attention to concerns such as employee satisfaction, hiring and on-boarding process optimization, employee motivation, etc.

### Advanced candidate search

One of an HR specialist’s main responsibilities is to find and recruit the specialists that a company needs at the moment. The way these processes are approached has changed IT substantially.

First, the Internet gave HR specialists the opportunity to search worldwide for applicants.Freelance workers have become a common thing now, and it may be even more beneficial to collaborate with freelancers than to hire an in-house team. Working with freelancers has numerous advantages: flexibility, affordable prices, specific skills, and many more. HR experts can fill the gap that their in-house team lacks in this way and find a perfect candidate anywhere in the world.

Secondly, advanced tools (i.e., artificial intelligence) can be used by HR specialists to screen resumes and pay attention only to those profiles that strictly meet the requirements. This greatly accelerates the search process and helps to find the most appropriate candidates.

Finally, HR professionals now have access to different online platforms where applicants can be found: Stack Overflow for developers, Quora for executive positions, etc. The availability of such resources extends the talent pool and provides new opportunities for HR specialists in terms of candidate search.

### A new way to brand a company

An important factor in attracting and retaining staff is company branding. Thanks to IT, businesses now have the option to build a strong online presence and, with minimal effort, reach numerous potential candidates.

Branding and design of the website thoroughly, presence on major markets and online communication-all these factors encourage direct interaction between a candidate or employee and a business.

In the company’s branding, social media also plays a huge role.Social platforms have become the main source of information, and applicants are more likely than traditional sources to search for a company on LinkedIn. Businesses should therefore consider what kind of image they want to create and what values and messages they want to transfer to users.

Lastly, don’t forget about mobile business apps. A mobile application is an amazing way to redesign the brand of a company in line with a target audience’s requirements and interests and add interactivity to it.

Not only the talent pool, but also the way HR specialists can reach top talent and promote the company online has been greatly expanded by IT.

### Analytics grants access to more data

Finally, Information Technology gave access to advanced analytics to HR specialists, taking their job to a new level.

Previously, when assessing staff, their level of motivation and satisfaction, and the efficiency of HR processes, HR specialists had to rely on guesswork and intuition. Now,

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they can rely on the data and see in numbers all the processes and work outcomes reflected.

HR professionals can track the candidate’s journey with the help of analytics and see at what point most individuals reject (or accept) an offer, how many individuals are involved in the processes, what percent of employees open their emails, and many other important events.

In this way, HR specialists can make data-driven decisions and use past experience as a base to redesign and optimize current processes.

### Check your understanding

1.

is the (planning, development and) implementation of

information technology for both networking and promoting the joint performance of HR activities by at least two individual or collective actors.

1. (sometimes referred to as e-learning) is anywhere, anytime guidance given to browser-equipped learners via the Internet or a corporate intranet.
2. E-Compensation represents a web-enabled approach to a variety of compensation resources that allow an entity to “collect, store, manipulate, analyze, use and distribute information and information about compensation.” True / False
3. Which below are modes of e-learning?
   1. Radio
   2. Blogs
   3. Video Conference

d) (a) & (b)

e) All of the above

1. , such as the Internet, mobile communication, new media, and so on in HR, has been conventionally proven to contribute substantially to the fulfillment of the organization’s staff policies.

### Summary

* + Role of Technology in HRM
    - Ease in Analyzing Employee Data
    - Bridging the Communication Gap
    - Easier Recruiting
    - Increasing Efficiency
    - Security Concerns
  + Using HR Technology (e- recruitment, e- selection, e-learning, e- compensation)
    - E-HRM is the (planning, development and) implementation of information technology for both networking and promoting the joint performance of HR activities by at least two individual or collective actors.
* E-Recruitment
* E-Selection
* E-Learning/Web-based training

o Audio, Video, Videoconferencing, Computers, tablets and mobile devices, Blogging

* E-Performance management
* E-Compensation
* Future of HRM using Technology
  + Information and Communication Technology (ICT), such as the Internet, mobile communication, new media, and so on in HR, has been conventionally proven to contribute substantially to the fulfillment of the organization’s staff policies.
  + Technology (ICT) can make the subsequent main impacts in Human Resource Management
    - Better services to line managers
    - Enhancing management
    - Effective recruiting
    - Data management and critical analysis
    - Inventory management tools and human resource management
    - Cost-reduction and efficiency
    - Customer service and human resource management
    - Career development and human capital management
    - Automation of HR processes
    - Availability of HR tools
    - Advanced candidate search
    - A new way to brand a company
    - Analytics grants access to more data

### Activity

1. Write a report in detail with examples on the benefits and challenges of technology

in Human Resource Management.

### Glossary

* Incumbents – a holder of an office or post
* Cumbersome – slow or complicated and therefore inefficient
* Monotonous – dull, tedious, repetitive; lacking in variety and interest
* Synonymous – closely associated with or suggestive of something

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### Questions and Exercises

1. What is the difference between e-HRM and HRIS?
2. List some disadvantages of e-recruitment.
3. What are the 3 main ways e-compensation tools support HRM professionals?

### Answers to check your understanding

* 1. E-HRM (E – Human Resource Management)
  2. Web-based training
  3. True

4. (e)

5. Information and Communication Technology (ICT)

**Case Study**

Orange Silicon Valley is a research and innovation laboratory of the French telecommunications operator Orange Group, a leading mobile, broadband internet and fixed line telecommunications network operator in 30 countries and territories. We are a 161,000-strong global community, representing the wonderfully varied markets we serve.

The importance of the Orange Silicon Valley is the presence of the Orange Bay Area and the understanding of trends and solutions in technology. We actively participate in the disruptive innovations that are changing the way we work through research, development, and strategic analysis.

A way to promote innovation and seek out disruption within our organization is our ability to contribute and engage with the Silicon Valley ecosystem. In our various verticals, like Virtual Reality and Human Resources, we cross disciplines. Innovation, we believe, comes from people who don’t know what they can’t do.

Technology can dramatically enhance the experience of workers.The workflows and workplaces of employees are constantly being reshaped. A part of this experience is emergency evacuation. It is not always easy and efficient to be conscious of and learn procedures.

Since the fire emergency training for Orange Silicon Valley takes place once a year, new staff or employees who are not in the office on that particular day miss the training.For staff who attend training, because of a lack of immersion and focus, instructions can be difficult to remember.

Through better efficiency and flexibility, Virtual Reality can help organizations increase both user engagement and focus. The key function of our case study is to evaluate how virtual reality improves the experience of employees when they need to learn emergency procedures.

Training in virtual reality also provides workers an alternative to the physical activity that occurs once a year. Using VR is a way to check the state of technology and to understand how we can change the way we interact and collaborate and redefine the future of the digital workplace, as portability is the next new capability.

### Questions

1. Why did they consider VR as a solution for a fire emergency training?
2. Why from a Virtual Reality and Augmented Reality Standpoint?

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