NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: PAD 414

COURSE TITLE:
PRINCIPLES OF PERSONNEL MANAGEMENT

COURSE GUIDE

PAD 414
PRINCIPLES OF PERSONNEL MANAGEMENT

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INTRODUCTION

PAD 414 is a semester course work of three-credit units. It will be available to all students taking the B.Sc. Programmes in the School of Management Science (SMS).This course consists of four modules of 20 units covering the Principles of Personnel Management. The course guide gives you an overview of the course PAD 414, the materials you will be using and how to make the best use of the materials to ensure successful outcome. Other information contained in the course includes how to make use of your time and the information on the tutor-marked assignment. There will be tutorial classes for students in 100-200 levels. Full details, concerning the tutorial classes will be conveyed to you at the appropriate time.

COURSE AIMS

The major aim of this course is to give you total emersion and a clear understanding of procedure and process of personnel management principles, practices and general human resources operations and perspectives in both public and private sectors of Nigerian economy. Further aim of this course is to acquaint you with broad knowledge, critical thinking skills, tools, and organisational ability you need for successful approach and critical decision making in issues of personnel management and general human resources practices, in today's business taking place in an increasingly technological and global fast paced environment. You will also be acquainted with the nature, structure, role, competiveness and parameters of how best to recruit, motivate, and retain the best personnel in an industry and how to ameliorate human resources challenges.

COURSE OBJECTIVES

At the end of the course you should be able to:

- articulate the basic nature of personnel management and how to apply principles of personnel management and skills in operational procedures and making strategic managerial efforts and critical personnel managerial decisions for your organisation
- explain how to set up a personnel unit and department for a new organisation. Identify key business drivers for successful, selection, recruitment and retention of best personnel. Be familiar with appropriate motivational theories for motivating your employees and for effective organisational performance
- evaluate appropriate theories and models applications to human resources management and potentials and explore business

opportunities of continuous employee- empowerment through training and development
- describe the importance of planning and upholding ethical standards, strict implementation of corporate human resource policy, competitiveness and sustainability
- discuss the various salient sources of talent search and how to explore and hire the best job applicants and ensuring healthy union- management relations and peaceful industrial harmony, job equity, equal pay for equal work using internal information system relevant to personnel practices and policies.

COURSE MATERIALS

1. Study Units
2. Text books, Journals, conference papers and others
3. Intellect resources to which you will be referred
4. Assignment File
5. Tutor-Marked Assignment

STUDY UNITS

There are four modules made up of 20 units in this course which should be carefully studied and understood in an ascending order.

Module 1

Unit 1	An Overview of the Development of Personnel Management
Unit 2	Manpower Planning
Unit 3	Career Planning
Unit 4	Career Counseling
Unit 5	Career Development

Module 2

Unit 1	Personnel Thought
Unit 2	Human Resources Frameworks
Unit 3	Training and Development
Unit 4	Quality of Work Life (QWL)
Unit 5	Employee Relations Practices

Module 3

Unit 1	Motivation Theories
Unit 2	Performance Management
Unit 3	Job Analysis

Module 4

The first five units in Module 1 are designed to give you a total emersion and overview on the principles of personnel management, manpower planning, career development, career counseling and career development. It also unravels the importance of human resources structure, operations, strategic management, and sustainable development in personnel relations. It acquaints you with the necessary background knowledge required of a would-be- human resources manager.

Module 2 (Units 1 to 5) introduces you to the significance of personnel thought and criteria in aligning human resources frameworks to corporate objectives. It emphasises the relevance and indispensable nature of training and development. It also addresses proactive criteria and quality of work life (QWL) and employee relations practices.

Module 3 (Units 1 to 5) focus attention on essence of developing and applying appropriate inspiration and Motivation Theories necessary in driving employees towards organisational effectiveness through performance management. It also addresses job analysis and job evaluation concepts in harnessing critical personnel need as well as strategic human capital development.

Module 4 (Units 1 to 5), deals with screening, interviewing and recruitment, and retention of personnel. It also reveals the importance and critical need in applying appropriate model and theories of high performance work system (HPWS) and instructional system design (ISD) in human resources planning.

All tools can aid small businesses in effective planning. It tackles family business and franchising contracting issues and transfer of ownership to new generation. It also addresses the issue of how to conduct performance appraisals for personnel. It explains how to evaluate compensation, determining salary, wages structure, administration, human resources audit, its future, challenges and prospects.

Each study unit will take at least two hours of committed reading and it includes the introductions, objectives, main content, exercises, summary and references. Others are the Continuous Assessment (CA) which is also called Tutor-Marked Assignments (TMAs).

You are required to study hard the materials and reflect on them and do the exercises appropriately. Some of the exercises will require that you familiarise yourself with a personnel function of personnel department of any firm of your choice and observe their operations for yourself. It is extremely important that you initiate a visit to any human resources department of any business concern. You are encouraged and strongly advised to study the text books and other recommended references.

ASSIGNMENT FILE

In each unit, you will find exercise which you are required to do. The exercise will enable you to understand and demonstrate better what you have learned.

ASSESSMENT

Tutor-Marked Assignment (TMA)

In doing the tutor-marked assignments as your Continuous Assessment (CA) you are expected to apply what you have learnt in the contents of the study unit. The assignments are expected to be turned in to your tutor for grading. They constitute 30% of the total score.

Final Grading

At the end of the course, you will write a final examination. It will attract the remaining 70%.

This and the TMAs make the final score to be 100%.

SUMMARY

The course PSM 709 Principles of Personnel Management gives you a total emersion on the nature, scope of management and small business operational concept of management. This course also introduces and exposes you to the understanding and knowledge of various procedures of key personnel management strategies. When you complete the course, you would have been armed with the necessary tools and strong critical skills and organisational ability to manage personnel units and general human resources successfully.

MAIN COURSE

CONTENTS PAGE

MODULE 1

UNIT 1 AN OVERVIEW OF THE DEVELOPMENT OF PERSONNEL MANAGEMENT

CONTENTS

1.0 INTRODUCTION

In a business organisation, there are several departments such as personnel, marketing, production, finance etc. Each department functions in one way or another, but the Department of Personnel has the particular characteristic of being concerned with people which is the most important factor in business.

In this unit, we shall begin with the review, the development of personnel, its meaning, development impact, definitions, assessment, roles and difference with HRM and manpower development, compare with other departments, training and development and motivation and performance improvement.

Schwartz opined that the effective utilisation of labour (human resources) by management is of tremendous importance to the success of a business. If a business is to make a profit; its management must secure competent people and must give effective leadership to these people.

Business now places much emphasis on the functions of personnel management. The purpose of personnel management is to see that people's skills and abilities are used in a proper manner so that the business can operate effectively.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- identify the functions of personnel management and explain their impact on the employees and on a business firm
- define personnel policy and its importance in achieving organisational goals
- explain why HR policy should be continuously reviewed
- state the various components of personnel functions and personal manager's responsibilities
- describe and differentiate personnel department from personnel administration functionalities
- articulate business needs for personnel department and Manpower Planning; their advantages and disadvantages.

3.0 MAIN CONTENT

3.1 Business Needs and Personnel Definition

Under this heading, we shall consider the role of the personnel department in a business organisation. The importance of the need for a department of personnel in a business concern cannot be over-emphasised. Most business firms cannot afford to guess about their manpower needs. This is because an undermanned company functions at less than maximum capacity, while a surplus of workers is costly.

i. **Personnel Department:** This is the Department of a business firm that deals with problems affecting employees of the firm and that usually interviews applicants for jobs. (Random House Dictionary of the English Language, the unabridged edition). You can easily perceive that much of our modern businesses in Nigeria, as in the advanced countries, are conducted on a large scale, and it is common to find businesses with thousands of multifarious companies with thousands of employees in Nigeria. Naturally this large scale affects the relationship between the owners and the employees. As large businesses need employees for hundreds of different kinds of highly specialised jobs, the problem of selecting properly qualified employees, training them for their jobs, providing for their health and welfare, and stimulating them to work at their highest level of efficiency, is complex and important. Large businesses, therefore, require large personnel departments which are often organised into divisions representing the major functions as shown in this illustration below.

In business organisations, personnel departments make critical decisions concerning such matters as selections, wages and salary administration, and discipline.

ii. **Personnel Managemen**t: for the purpose of this unit; it is to let us look at personnel management from a simple perspective.

Definition of Personnel Management

In simple terms, McNaughton (1987) opined "personnel management" means dealing with employees. It is that aspect of management which is concerned with obtaining and *effectively utilising human resources.*

It is imperative to stress these descriptions so that you may better understand personnel perspective which has two aspects.

a. Personnel Management which permeates right through the functions of management.
b. The personnel department with its work.

Inevitably there seems to be an overlapping of these two aspects. The first is the more important; the second – the personnel department – exists to make the others efficient.

iii. **Personnel Administration**: we have undoubtedly understood what personnel management means. Management keeps disagreeing with personnel people because their functions to be no more than trying to keep people happy. Personnel administration seeks to meet people's needs that have been called "self-realising" needs. It emphasises these needs in order to motivate human beings (employees) to strive to express their full potentialities, and this process of striving is rewarding (in itself). In addition, personnel administration, which is largely a collection of incidental motivating techniques, includes the job of managing workers and work.

3.1.1 Nature of Personnel Management

Personnel management includes the function of employment, development and compensation- These functions are performed primarily by the personnel management in consultation with other departments.

Personnel management is an extension to general management. It is concerned with promoting and stimulating competent work force to make their fullest contribution to the concern.

Personnel management exists to advise and assists the line managers in personnel matters. Therefore, personnel department is a staff department of an organisation.

Personnel management lays emphasis on action rather than making lengthy schedules, plans, work- methods. The problems and grievances of people at work can be solved more effectively through rational personnel policies.

It is based on human orientation. It tries to help the workers to develop their potential fully to the concern.

It also motivates the employees through effective incentive plans so that the employees provide fullest co-operation.

Personnel management deals with human resources of a concern. In context to human resources, it manages both individual as well as blue-collar workers opined Museelman (1989).

Huges, opined Personnel needs in any business organisation can be determined quite accurately with proper planning and analysis of company organisation. The company's internal organisation with the various jobs assigned to carry out the company's line and staff functions is particularly the concern of the office of personnel.

3.1.2 Careful Planning for Manpower Needs

Of course, we cannot rule out the fact that careful planning for manpower needs requires the joint efforts of all department heads and company executives. However, the personnel department normally has the major responsibility in programming personnel requirements and in filling positions, but it must have the guidance of the various divisions of the company. Later in this lecture, we shall discuss the additional responsibilities of the personnel department in recruiting, processing, training and in performing other duties.

3.1.3 Role of Personnel Manager

We shall briefly discuss the functions of personnel management which are commonly performed by businesses today. The extent to which these functions are performed depends on many factors, such as the size of the business and the importance placed on personnel programs by the management.

Before we go further in our discussion, it is necessary to understand the meaning of the terms *Personnel Department*, *Personnel Management* and *Personnel*.

Personnel manager is the head of personnel department. He performs both managerial and operative functions of management. His role can be summarised as:

- Personnel manager **provides assistance** to top management- The top management are the people who decide and frame the primary policies of the concern. All kinds of policies related to personnel or workforce can be framed out effectively by the personnel manager.
- He **advises the line manager** as a staff specialist- Personnel manager acts like a staff advisor and assists the line managers in dealing with various personnel matters.
- As a **counselor** - As a counselor, personnel manager attends to problems and grievances of employees and guides them. He tries to solve them to the best of his capacity.
- Personnel manager acts as a **mediator**- He is a linking pin between management and workers.
- He acts as a **spokesman**- Since he is in direct contact with the employees; he is required to act as a representative of organisation in committees appointed by government. He represents company in training programmes.

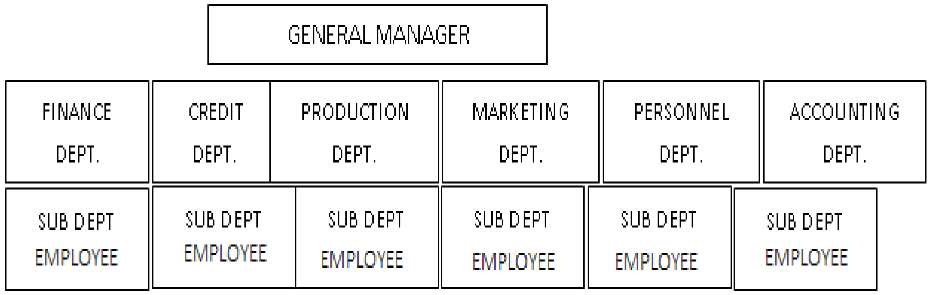

Fig.1.1:
Source: Tree Score Coy - Typical diagram showing various departments. 2006 p.12

TYPES OF DEPARTMENTATION REGULAR ORGANISATION

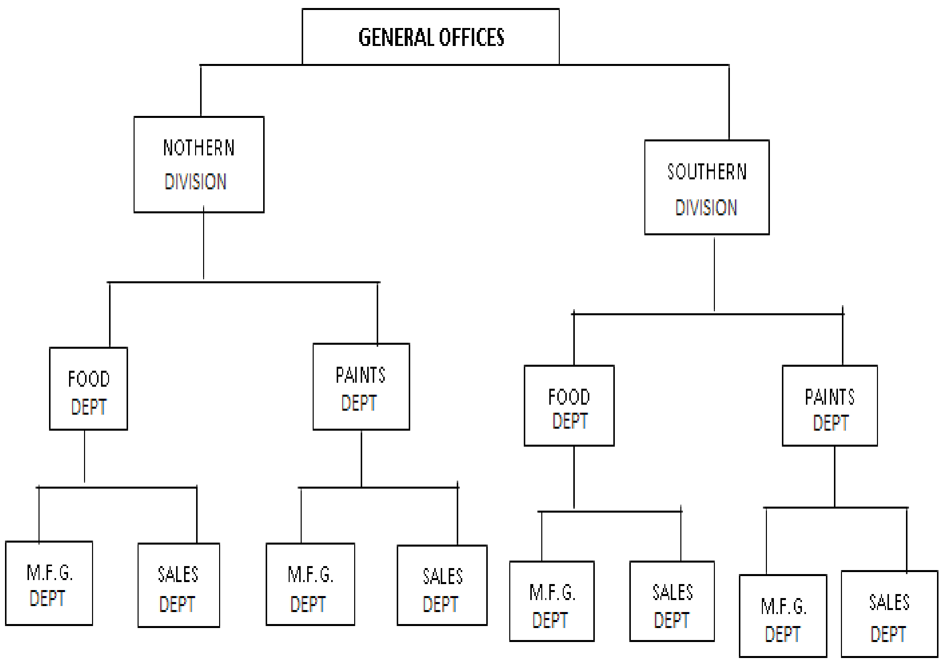

Fig.1.2: Source: PMG Organisation Chart, 2006 p.5

Ultimate responsibility for the organisation and functioning of the personnel department rests primarily in the hands of *the chief executive*. His attitudes usually determine the quality of personnel management.

What do you think about the nature of the department of personnel in terms of employees' supervision? The management of personnel through a personnel department does not mean that the officers of that department actually supervise the worker on his job. Except in the department of personnel itself, this is the responsibility of supervisors, foremen, and other line executives. In many cases, however, the personnel department has line authority over workers. In such specialised areas as safety, training and discipline in most companies, a major responsibility of the personnel department is to advise and consult with line executives on personnel matters relating to their departments.

ORGANISATION OF A PERSONNEL DEPARTMENT

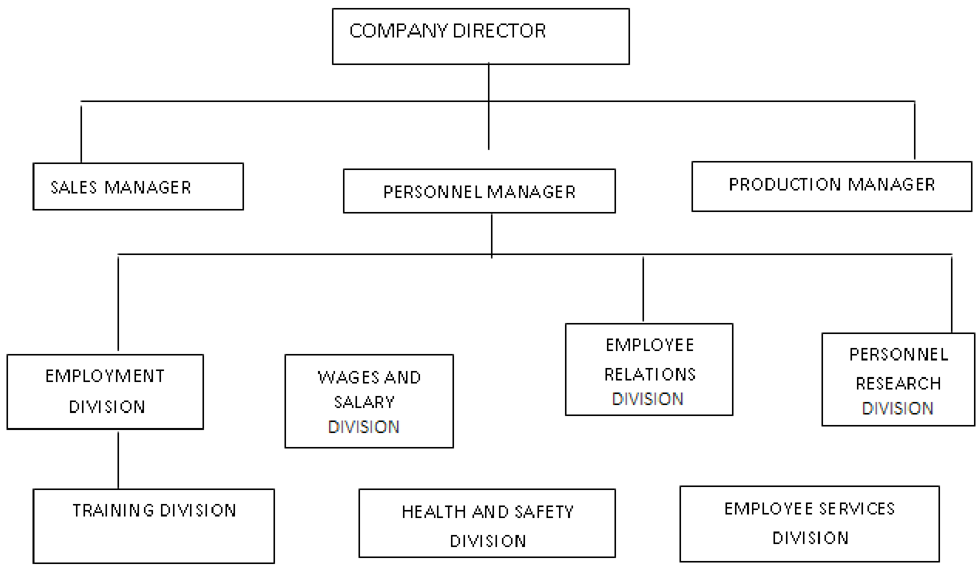

Fig.1.3: Source: TMG Engineering chart of personnel department p.9 2007. Alyce, D. (2009) Consulting Engineer, TMG, Hackensack

In Figure1.3 we find an example of a personnel department advising and consulting with line executives on personnel matters relating to their departments.

Other line executives such as the general marketing manager, controller and others are not included in the organisation of the personnel department.

3.2 Other Functions of Personnel Employees

In many organisations, there are one or more people who are responsible for managing the welfare and performance of everyone within the organisation. This task of overseeing programs and setting policies that affect everyone associated with the organisation can be referred to as personnel management. It sometimes is referred to as human resources (HR) management as well.

The function of a personnel manager usually begins with the staffing process. He or she might be focused on screening and interviewing applicants, with an eye toward placing individuals with the right skill sets in the right position within the organisation. The HR manager might also oversee, or at least be involved in, the creation of entry-level training programs as well as continuing-education opportunities for people who are already working for the organisation.

Determining the organisation's policies and procedures as they relate to personnel is another important aspect of personnel management. HR functions for companies often include drafting vacation, sick leave and bereavement policies that apply to all employees. The personnel management team also might be responsible for administering the benefits that are provided to employees, such as health insurance plans.

Another aspect of many organisations that is part of personnel management is the drafting of a handbook for employees or anyone else in the organisation. Establishing policies and procedures, requirements for employment, commendation and disciplinary procedures and even things such as dress codes must be compared with legal guidelines before a handbook is ready to be issued. Personnel managers and HR staff members often must draft and review the organisation's handbook.
A sometimes-overlooked aspect of personnel management is the emotional welfare of the people in the organisation. Many personnel managers understand that a happy, well-adjusted employee can be an asset to a company. To this end, many personnel managers try to provide opportunities for people who are in need of counseling to receive treatment. This often involves scheduling time during working hours for counseling sessions and perhaps paying for the cost if it is not covered by insurance.

Depending on the size of the organisation, it might be possible for one person to handle all of the personnel management functions. As an organisation grows, however, it might be necessary to expand from a single personnel manager to a personnel management team. Although this adds to the cost, many organisations have found that overseeing the welfare of their personnel ultimately benefits the organisation financially.

The Role of Personnel Relations Department

At this point we should realise that the personnel department helps through another auxiliary department known as the Personnel Relations Department or Industrial Relations. The Personnel Relations Department is a staff activity. The function of industrial relations is always a line function, but the department of industrial relations is nearly always delegated staff rather than line authority. The basic focus of the industrial relations functions is to foster company-wide development of skills required for running a co-operative organisation efficiently and effectively.

The overall objective of industrial relations is fully managerial in relations and in nature. You should further note that it represents the definition of company policies and attitudes toward its employees and the situation in which they are asked to do their work. Experience in Nigerian industries shows the undesirable mobility of workers and all round industries. It holds that special skills are required for managing the human aspects of organisations. The function becomes an important one since no work gets done except through the efforts of people.

As opined by Drucker earlier, you should further note that as a staff department, industrial relations exist as an auxiliary, facilitating department. It is merely, a service department, such as the maintenance department. Its basic aim is to assist others whose work involves the supervision of employees. It may perform some services, like setting grievance disputes, or screening job applicants, but will go beyond these services to develop and recommend policies affecting the gamut of relationships between managers and employees.

3.2.1 Other Specific Objectives of the Industrial Relations Department

a. building effective personnel policies
b. increasing the efficiency of Labour
c. streaming procedures and practices
d. reducing absences and increasing turnover
e. building morale and team work service
f. the word service sums up all the specific objectives of the personnel relations department.

The whole personnel program must be appropriate to the objectives and the policies of the entire company.

3.2.2 Other Specific Personnel Functions

You should realise that any personnel department of a business firm is specifically related to other activities of the firm. This is because it affects other departments of the organisation through hiring (appointment) of all workers, and through the training and other service program it undertakes. The other specific functions of personnel department include:

- selecting new employees (Recruitment)

- hiring well-qualified employees is an important function of personnel department. For this function to be performed, it is necessary
- to secure applicants
- to determine their suitability in terms of their qualifications and physical fitness
- to hire those whose qualifications match the jobs to be filled
- and to introduce those who are hired to their new jobs.

In large business concerns, these activities of selection of personnel are the mandate of the "Employment Division".

3.2.3 Training Programme

It is a function of the personnel department to follow up selection procedures with effective training program. New employees and employees transferred to new jobs must be trained. Changes which require additional training for workers are constantly occurring. These include changes in jobs, in machines, in processes, and in policies. Employees also need training which will prepare them for higher responsibility, which is of course, essential for employee development. The U.A.C Nigeria Limited has a well organised combined training and seminar centre at Apapa, Lagos for its employees. It is made residential with permanent well qualified staff from the personnel department. This is the concern of the Training Division.

3.2.4 Promoting and Transferring Employees

Another function of the personnel management is to devise good policies and procedures for promoting and transferring personnel. Without such policies and procedures personnel who have been selected and trained by a business firm will secure employment elsewhere.

3.2.5 Determining Wages and Benefits

How much compensation is received in the form of wages and other benefits is of vital concern to all workers. How much money is paid in the form of wages, salaries and other benefits is more the concern of management. The determination of what is fair compensation is a function of personnel department.

3.2.6 Maintaining Health and Safety Programmes

To be efficient on their jobs, employees must be healthy; they must also be protected from accidents. Providing health and safety programmes are functions of personnel/management.

3.2.7 Negotiating with Unions

If the workers in a business are members of a union, a function of personnel management is to negotiate a labour contract with the Union and engage in collective bargaining to discuss and resolve any differences which may arise between management and the Union. This is necessary for any business firm to avoid unnecessary employees' strikes and confrontations.

3.3 Establishing Good Human Relations

In a business that has only a few employees, the proprietor or general manager performs the personnel functions. As he works side by side with his employees, he has a good understanding of them and readily appreciates their view point. Likewise, the employees get to know something about the problems of their employer and, as a result, have a better attitude towards their employer and feel free to discuss their problems with him, since conditions make for good employer-employee relationships.

3.3.1 Employee Services and Fringe Benefits

This is another major function of the personnel department. This function tends to provide employees with special financial services, such as credit union, insurance and pension plans, and with non-financial services, such as cafeterias and recreational programmes. Many of these programmes are being undertaken by several business enterprises today in our economy. Employees are particularly favoured by the post "Udoji" effect of employee fringe benefits as dictated to industries and business establishments.

You can realise that these services are necessary because the welfare of the company cannot be separated from the welfare of individual employees. To the extent that greater efficiency results; these services are economically justified.

It is important that employees have a voice in deciding what services should be offered. When management alone determines the kinds of services to be extended, employees can become resentful. Complaints and suggestions of employees sometimes reveal what kinds of services would be valuable to both the employees and the industries.

3.3.2 Non-Financial Services to Employees

Employees do not only need the financial services of their employers, but also non-financial services. Non-financial services are devised to improve the mental and physical fitness of employees and thus to encourage higher morale. Which services are offered depends largely on the personnel department. Company subsidised food services, recreational programmes, libraries, legal aid, retirement and religious counseling, and employees' discounts on company's products are examples of services that may be offered.

3.3.3 Discharge of Employees

Occasionally, it is necessary to dismiss employees for various reasons – for intoxication on the job, incompetence, insubordination, declining productivity, dubious character, ill-health or because business is curtailed. This is a function of the personnel department.

You should note that most discharges are the result of personality factors, and not incompetence or inability to do the work satisfactorily. Caution must be exercised in discharging employees regardless of reasons lest the function degenerates to lower employees' morale or leads to the occurrence of strikes. A clear policy must be formulated on employees' dismissal.

SELF-ASSESSMENT EXERCISE

i. What is the role of personnel department in recruitment and selection of new employees and discharge of erring employees?
ii. What is the role of personnel department in training the old workforce and new employees?

4.0 CONCLUSION

It is important that employees have a voice in deciding what services should be offered. When management alone determines the kinds of services to be extended, employees can become resentful. Complaints and suggestions of employees sometimes reveal what kinds of services would be valuable to both the employees and the industries.

5.0 SUMMARY

In this unit, unlike the other units, we learnt that in many organisations, there are one or more people who are responsible for managing the welfare and performance of everyone within the organisation. This task of overseeing programs and setting policies that affect everyone associated with the organisation can be referred to as personnel management. It sometimes is referred to as human resources (HR) management as well.

6.0 TUTOR-MARKED ASSIGNMENT

i. Identify and discuss your understanding of the role of the personnel department and personnel manager in a learning organisation?

ii. Compare and contrast personnel administration and personnel management?

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UNIT 2 MANPOWER PLANNING

CONTENTS

1.0 INTRODUCTION

In this unit, we shall be studying Manpower Planning functions and ways of enhancing effectiveness necessary in achieving outstanding productivity and as well as improving the development, recruitment and training and motivating old and new work force. As a result of the progress that is being achieved in science and technology as well as in the social sciences, many societies, our own inclusive, are in constant state of change. The survival of any organisation within the society depends on its ability to keep abreast of changes and to resolve successfully those problems that it may create.

As you can see in our economy, the rate at which businesses have expanded within the last years is high. This is also the case with other country of the world. Human labour is not so plentiful that business concerns can over-look the need for planning its use carefully. The reason is that labour of various kinds and quantities must be found and made available at appropriate times.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain manpower planning and functions

- discuss the features of training and development of new and old employees and its significance to organisational effectiveness and the employee
- identify personnel need and conduct talent search to fill them appropriately
- state and understand the functional analysis of various personnel functions and divisions roles
- describe personnel policy, disciplinary procedure and other data keeping functions of personnel department
- explain confidentiality rules, company secrecy and record keeping of personnel confidential information
- discuss the functions of personnel and challenges, and benefits of training and development (TR&D).

3.0 MAIN CONTENT

3.1 Manpower Planning

Manpower planning is essential to ensure the recruitment of personnel of the caliber and in the number required, not only to fill vacancies caused by normal wastage due to death, retirement and resignation, but also to meet demands created by the expansion of businesses and the development of new markets among others. Such planning is of the long-term variety.

3.1.1 Training and Education

Many jobs today, as you can imagine, require training and education in skills and abilities that are usually hard to find. Experts in the use of computers and data processing are now easily available in our country. To fill each position correctly and well requires intricate recruiting, selecting, placement and training activities in which modern personnel administration departments can offer much help.

3.1.2 Planning and Manpower Shortages

During World War II when employers felt manpower shortages the importance of planning its use stood out. Indeed, the government of the United States for example led the way by establishing the War Manpower Commission. Also, as we experience unsettled political conditions throughout the world, and as we enter the new atomic age, manpower planning will be more essential than ever.

Functions of Man Power Planning

3.1.3 Talent Search

The exact labour requirements for any firm can be estimated closely once it has been decided how much output will be produced or what types of responsibilities are proposed for individual workers in an organisation.

3.1.4 Planning

Manpower may be planned by looking far ahead through the staff development approach. For example, Universities in Nigeria plan for manpower by encouraging lecturers, administrators and technicians at all levels to proceed to higher learning, and by giving them very generous financial assistance. If business concerns are to grow appreciably, they must look ahead and plan to develop their employees likewise.

3.2 Functional Analysis of the Divisions of Personnel Department

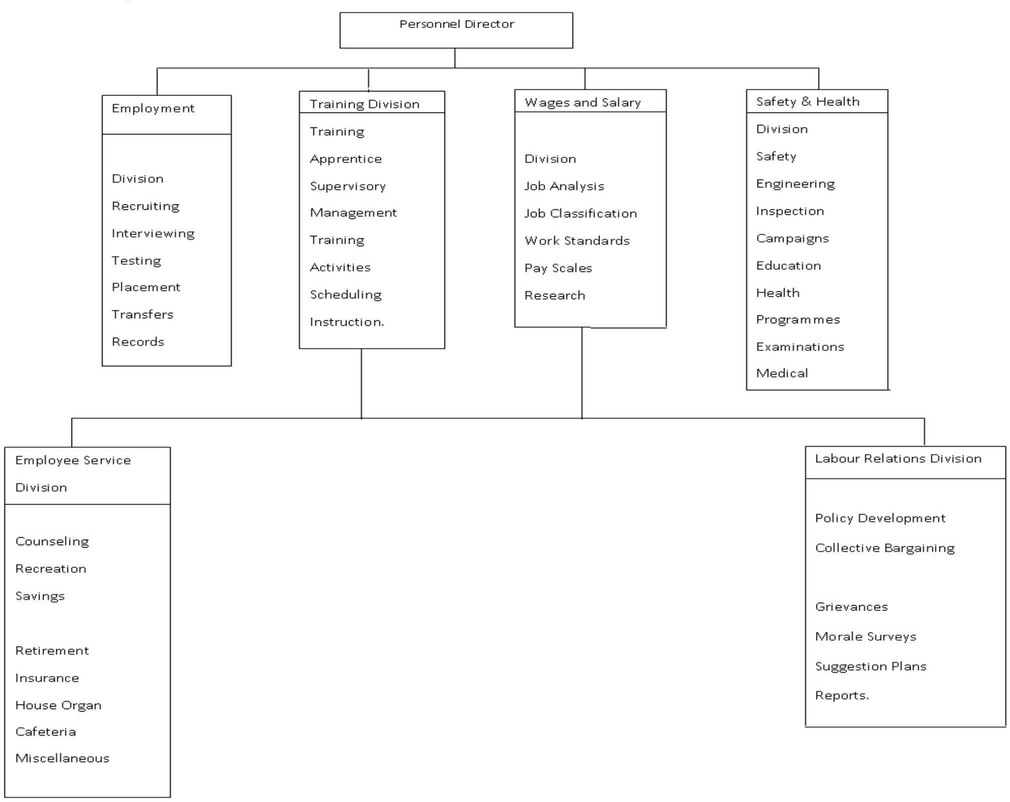

Fig. 1.4: Source: Halibus Inc. Org. Chart of Personnel dept depicting the analysis of the functions of the various divisions of the department of personnel, 2005 p. 97

This chart shows the structure of the organisation and functions of a personnel department.

The most effective structure – the manner in which people, activities, and functions are grouped and related is dependent on a variety of factors. One purpose serves by a structure as shown in our chart in this lecture is to divide the activities which must be performed to achieve the departmental goals into manageable segments to provide for necessary control and co-ordination in the personnel department.

3.2.1 Data keeping Function of Personnel Department

The data keeping function of personnel department is otherwise known as a function of personnel records and statistics keeping. You should know that historically, the personnel department made its first appearance as a record – keeping department.

It maintains employment records for workers and managers, including such general factual materials as:

- date employed
- background information
- successive jobs held in the company with dates and wages received
- disciplinary penalty imposed
- and other events in the relationship of the individual with the organisation.

These functions are important in view of the growing emphasis on pension and insurance programmes, seniority benefits of all kinds, and in company promotion and management development programme.

3.2.2 Personnel Records

(a) **Purpose:** Personnel records provide for the following:

(i) a store of up-to-date and accurate information about the company's employees

(ii) a guide to the action to be taken regarding an employee, particularly by comparing him with other employees

(iii) a guide when recruiting a new employee. E.g. by showing the rate of payment received by comparable employees.

(b) **Essential details to be included in the employee record are:**

(i) Personal data:

Name address and telephone number, sex

Date of Birth as earlier pointed out

Marital Status

(ii) Command data:
Date of joining company
Past and present departments and dates
Past and present wage or salary
Reasons for changes
Absence records
Holiday entitlements
Disciplinary warnings

(iii) Qualifications and Skills
Formal Education
Qualifications
Training Records

(iv) On Leaving the Company
Date of leaving and reason
Name of new employer (if suitable for re-employment)

Information about employees is often needed quickly. Once included in the employee record, any information must be kept up to date; in many cases this is a considerable clerical task. Therefore, before adding new items it is important to consider how often the information would be used, whether it could be obtained quickly from some other source, how easy it is to keep up to date and whether there is no room to store it.

3.2.2 Problems of Personnel Functions

When an organisation takes off, the problem of organising personnel functions seems very negligible. The problem becomes more complex or acute as the organisation expands and when it consists of more than one or two companies. The problem of the head of personnel looking for deputies and subordinates to assist him in carrying out the personnel functions arises.

As a result of the progress that is being achieved in science and technology, and in the social sciences, many societies, our own inclusive, are in constant state of change. The survival of any organisation within its society depends on its ability to keep abreast of changes and to resolve successfully those problems that it may create. Probably no function in an organisation is affected more by change than that of personnel management. One of the most significant challenges confronting the personnel manager today is that of attending to the many problems resulting from automation and mechanisation, both at the plant and in the office.

- The introduction of automation can affect nearly every phase of a company's programme.

- The changes that affect the nature of the work to be performed
- The jobs to be staffed
- As well as the policies, procedure and functions of the personnel programme

Other problems of the personnel department include:

- difficult skills involved in operating effectively
- cordial and coordinating relationship with other departments
- availability of specialist personnel to cope with the diversity of different activities in the company.

All these problems however, are surmountable if the personnel management in the company is efficient. Another problem that arises in each of the functions would be whether to centralise or to decentralise. However, when it is one company, it is advisable that personnel functions be decentralised. In an organisation which has several companies like those that exist in Nigeria referred to as "Group of Companies" – the head of personnel should be represented in every company by the personnel officer. While certain functions are centralised, some should be decentralised.

SELF-ASSESSMENT EXERCISE

i. What are personnel records and why are they essential and confidential information?
ii. What are the benefits and challenges of personnel department?

4.0 CONCLUSION

It is necessary that you recognise that all managers by definition exercise the function of personnel management as it involves the coordination and motivation of subordinates. However, as a business firm grows more complex, the need appears for a separate department where experts are available to deal with technical problems connected with personnel and labour management relations. In addition, such a department can provide guidance and advice to management in the overall administration of the organisation's human resources.

5.0 SUMMARY

In this unit we learnt that in any economy, shortages of specific kinds of talent constantly exist, chiefly in engineering, mathematics, and the Physical Sciences. There is always, too, a shortage of administrative and leadership ability. All these are not only needed by the government or the institutions of higher learning, but also in business organisations. To meet these shortages, a great deal of planning must be done, both by our nation and by individual companies. These functions of manpower planning are carried out by the personnel department.

6.0 TUTOR-MARKED ASSIGNMENT

i. What do you understand by manpower planning, HRM and Personnel Management, which is the bigger picture and interrelatedness?
ii. What is the relationship between Personnel function and manpower planning?
iii. What are some of the problems confronting manpower planning in Nigeria and how can they be resolved?

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UNIT 3 CAREER PLANNING

CONTENTS

1.0 INTRODUCTION

In this unit, we shall be looking into the role of career planning and strategies in coping with onerous challenges of effective and progressive career paths.

Nearly everyone asks these questions at some point during his or her working life and the answers help identify the actions needed to further ones' career.

A career consists of all the jobs held during one's working life. For some people, these jobs are part of a careful plan. For others, a career is simply a matter of luck.

Merely planning a career does not guarantee success.

Superior performance, experience, education, and occasional luck play an important role when people rely largely on luck however they seldom are prepared for the career opportunities that arise.

Successful people identify their career goals, plan, and then take action. For them, ''luck'' occurs when opportunity meets preparation.

With modern employers continuously restructuring in response to their competitive environment, traditional lifelong employment relationships with a single employer are becoming less likely as the Managing Editor of Fortune Magazine observed.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- state and explain clearly the major points in career planning and meeting employee needs
- define career planning, its role and importance to employee and HR challenges
- describe how HR departments encourage and assist career education
- discuss career planning issues related to workforce diversity and international employees
- identify career equity, career satisfaction, career planning opportunities, the major advantages of career planning and disadvantages
- explain the relationship between career planning and career development
- outline and list career planning and employee needs, and the major actions that aid career development.

3.0 MAIN CONTENT

3.1 Career Planning and Employee Needs

During the forty years of Colquitt,J's (2000) career, HR departments in banks and other organisations gave little support to career planning. When promotable talent was scare, employers usually reacted with crash training programs or additional recruitment with A. T & T personnel manuals, Atlanta, 2007.

HR Planning and career planning seldom occurred. Instead of seeking proactive solutions, organisations and employees reacted to new developments. Historically, this limited role for HR department is understandable because career plans were seen as an individual matter.

Even when HR managers wanted their departments to provide assistance, they often lacked the resources to become involved as a result, only a few (mostly large) organisations encouraged career planning by employees.

Today, an increased number of HR experts see career planning as a way to meet their original staffing need although career planning assistance is generally reserved for managerial, professional, and technical employees because of limited funds, ideally all would have access to this advice, as they do at Dow Jones.

When employers encourage career planning, employees are more likely to set career goals and work toward them. in turn, these goals may motivate employees to pursue further education, training, and other developmental activities; this gives the department a large internal pool of qualified applicants. Consider the comments of Harold Burlingame, a senior vice president for human resources at A T & T: ‘We used to say, ‘Come here for a job for life.’ today we say, ‘Invest in us, we’ll invest in you.’ As we proceed in the market together, out of that comes a career.’’ But what do employees want? A study of one group of employees revealed five factors of concern and these are:

3.1.1 A Career Plan and Career Equity

Employees want equity in the promotion system with respect to opportunities for career advancement.

Definition of a Career

A career consists of all the jobs held during one’s working life. For some people, these jobs are part of a careful plan. For others, a career is simply a matter of luck. Merely planning a career does not guarantee success.

Superior performance, experience, education, and occasional luck play an important role when people rely largely on luck however they seldom are prepared for the career opportunities that arise. Successful people identify their career goals, plan, and then take action. For them, ‘’luck’’ occurs when opportunity meets preparation.

3.1.2 Career Planning

A career plan can be started although the immediate manager and the HR department can facilitate the career planning process and help answer questions about appropriate career paths, the employee remains ultimately responsible for his or her career progress.

In fact, some departments offer no formal career planning assistance because they lack the sophistication to do so (as is the case in many small organisations. In some large business, senior managers may see career planning as the responsibility of the employee, not the company.

Nevertheless, more and more sophisticated organisations see career planning assistance as a means to help ensure an adequate supply of internal talent as one writer observed effective career planning programs also may reduce turnover, especially among those who have the greatest career mobility – the best employees.

3.1.3 Supervisory Concern

Employees want their supervisors to play an active role in career development and provide timely feedback on performance.

- **Awareness of opportunities:** employees want knowledge of opportunities for career advancement.
- **Employment interest:** employees need different amounts of information and have different degrees of interest in career advancement, depending on a variety of factors.

3.1.4 Career Satisfaction

Employees, depending on their age and occupation, have different levels of career satisfaction.

Effective career programs must consider these different perceptions and desires of employees. What workers expect from the career programs developed by the HR department varies with age, sex, occupation, education, and other factors. In short, whatever approaches the HR department adopts, it must be flexible and proactive. An HR manager associated with the Hanes Group in Winston-Salem, North Carolina, came to this conclusion.

3.1.5 Human Resource Department and Career Planning

Corporate strategies require an appropriate mix of human talents. Effective HR plans translate corporate strategy into employment needs. To meet those staffing needs with internal candidates, the HR department uses placement decision, training and development, and career planning assistance to fulfill the organisation's future employment requirements domestically and globally.

HR becomes involved in career planning for other reasons too.HR Department experts are more likely to be aware of training and other developmental opportunities. Of course, individual managers also should assist employees with career planning. However, if specialists leave career planning to operating managers, it may not get done. Not all managers take strong interest in their employees' careers, although 68 percent of the firms in one study have formal succession plans.

As organisations downsize, career opportunities shrink. The HR department can help employee identity career building opportunities ranging from lateral transfers to special task forces. If successful, these efforts can convince the employees who remain that they have a future with the company. Since those remaining are usually viewed as the 'best' employees, it is essential that they be retained and motivated.

The primary risk for the HR department and the company is the creation of career expectations that cannot be met. Career guidance suggests that if employees follow the advice, career opportunities will follow. However, company growth, downsizing, and changes in business strategies may prevent opportunities from materialising. Disappointment may lower morale and performance and lead to resignations. Nevertheless, the involvement of the HR department in career planning has grown in recent years because of its benefits.

3.2 Career Planning Benefits

Align strategy and internal staffing requirements. By assisting employees with career planning, the HR department can better prepare them for anticipated job openings identified in the HR plan, resulting in a better mix of the talents needed to support company strategies.

Develops promotable employees. Career planning helps develop internal supplies of promotable talent to meet opening cause by retirement, resignations, and growth.

Facilitates international placement. Global organisations use career planning to help identify and prepare for placement across international borders.

Assist with workforce diversity. When they are given career planning assistance with diverse backgrounds can learn about the organisation's expectations for self-growth and development.

3.2.1 Lowers Turnover

Increased attention and concern for individual careers may generate more organisational loyalty and lower employee turnover.

Taps employee potential. Career planning encourages HR to tap more of their potential abilities because they delineate specific career goals. Not only does this prepare employees for future openings, it can lead to better performance among incumbents in their current jobs.

Further personal growth. Career plans and goals motivate employees to grow and develop.

3.2.2 Career Education

Surprisingly, many employees are unaware of the need for and advantages of career planning. Once they are made aware, they often lack the necessary information to plan their careers successfully. HR departments are suited to solve both shortcomings and can increase employee awareness through a variety of educational techniques. For example, speeches, memoranda, and position papers from top executives stimulate employee interest at low cost to the employer. If executives communicate their belief in career planning, other managers are likely to do the same.

3.2.3 Workshop and Seminars

Workshops and seminars increase employee interest by pointing out the key concepts associated with career planning. Workshops also help employees set career goals, identify career paths, and uncover specific career development activities. These educational efforts may be supplemented by printed or taped information.

When the HR department lacks the necessary staff to design and conduct educational programs, public programs conducted by local colleges or consultants may help. Competition and downsizing have put cost pressures on many HR departments.

To keep career planning information flowing, some departments have enlisted the support of line managers instead of staff in the department. Many companies still rely on staff-run centers and staff-provided information on career planning. Regardless of the educational strategy the HR department selects, it should provide employees with other information they need to plan their careers.

Much of the needed career information is already part of the department's HRIS. For instance, job descriptions and specifications can be valuable to someone who is trying to estimate reasonable career goals at a firm such as Dow Jones. HR specialists can also share their knowledge of potential career paths. For example, they are often keenly aware of the similarities between seemingly unrelated jobs.

SELF-ASSESSMENT EXERCISE

i. What should HR do to meet those staffing needs with internal candidates?

ii. How can HR help employees identify career building opportunities?
iii. Are there any primary risks involved? Discuss.

4.0 CONCLUSION

If executives communicate their belief in career planning, other managers are likely to do the same.

Workshops and seminars increase employee interest by pointing out the key concepts associated with career planning. Workshops also help employees set career goals, identify career paths, and uncover specific career development activities. These educational efforts may be supplemented by printed or taped information.

5.0 SUMMARY

Not all managers take strong interest in their employees' careers, although sixty eight percent of the firms in one study have formal succession plans.

As organisations downsize, career opportunities shrink. The HR department can help employee identity career building opportunities ranging from lateral transfers to special task forces. If successful, these efforts can convince the employees who remain that they have a future with the company. Since those remaining are usually viewed as the 'best' employees, it is essential that they be retained and motivated.

6.0 TUTOR-MARKED ASSIGNMENT

i. Compare and contrast Career planning with Career education?
ii. What is the difference between career satisfaction and career equity and what purpose do they serve?
iii. Identify various career benefits and challenges that employees are often confronted with in an organisation?

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UNIT 4 CAREER COUNSELING

CONTENTS

1.0 INTRODUCTION

In this unit, we shall be studying career counseling, guidance, mentoring aspiration and its relevance and importance to career plan path, goal and accomplishment and challenges and progression in HRM perspectives.

To help employees establish career goals and find appropriate career paths, some departments often offer career counseling.

In this unit, we shall study, career counseling, unlike the foregoing unit, in which we studied career planning.

The career counselor may simply be someone who listens to an employee's interests and provides the specific job related information. Or the counselor may help employees uncover their interests by administering and interpreting aptitude, skill, psychological, and other tests.

Two tests in particular-the Kuder Preference Record and the Strong Vocational Interest Blank-are useful for guiding people into occupations that are likely to be of interest to them.

Other tests are available to measure individual abilities and interests in specific types of work. But to be truly successful, career counselors must get employees to assess themselves and their environment.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define career counseling, guidance, mentoring and sponsorship and its impacts
- discuss the meaning of employee training, self assessment and impact of evaluation
- explain the career plan that matches employee interest with likely career path
- identify impact and benefits of career counseling process and how to overcome challenges
- explain the benefits and challenges of stalled career and prospects
- articulate the real meaning of burn out and its impact on society
- describe the feature, demerits and benefits of HRM, career counseling and Planning.

3.0 MAIN CONTENT

3.1 Career Planning and Employee Self-Assessment

Career counselors realise that a career is only a part of one's life plan. It may be a large part or even a central part, but it is only a part. A life plan is the often ill-defined series of hopes, dreams, and personal goals that each person carries through life.

For example, broad objectives to be happy and successful combine with specific goals to be a good spouse, parent, student, citizen, neighbour, and manager.

Together, these roles form one's life plan. Ideally, a career plan is an integral part of one's life plan. Otherwise, career goals become ends (sometimes dead ends!) rather than means toward fulfilling a life plan.

3.1.1 Environmental Assessment

A career plan that matches employee interests with likely career paths actually may do a disservice to the employee if environmental factors are overlooked. A return to the choices faced by clerk – typists at the newspaper provides an example.

Regardless of the match between one's skills and the organisation's career paths, counselors needed to inform employees of likely changes that will affect their occupational choices. Occupational information is readily available from the U.S Department of Labour's Bureau of labour statistics.

3.2 Career Counseling Process

Counseling about career is a very sensitive and potentially explosive issue. Employees may see only parts of some jobs that pay much better and think that they are qualified. When the counselor tries to explain the need for additional skills that are not apparent, employees may feel that they are not being treated fairly. A typical reaction is, if old Mary can do that job, certainly I can do it. Even if that reaction is true; others who are even more qualified may be better choices. Or when the counselor points out the steps needed to become qualified for a job, the employee may resist additional training or schooling.

Finally, the mere presence of career counselors may be a trap. Employees may think that someone else is taking responsibility for their career planning and development.

Stalled careers

A particularly difficult issue in career planning assistance is addressing stalled careers. Two researchers observed, that retaining employees with critical skills, creating career paths to help senior employees break out of career plateaus, and retraining senior employees whose skills have become outdated will pose special challenges to human resource managers.

Slow growth and restructuring through downsizing have eliminated many career opportunities for otherwise good, hardworking employees. Simply put, many people have found their careers stalled through no fault of their own. Since many companies have scaled back their levels of middle management and staff, finding career advancement opportunities outside the firm entails considerable competition from others.

3.3 Human Resources Planning

At the same time, the HR department needs to keep the remaining employees motivated and developing. With fewer levels of jobs between entry-level positions and senior management in many firms, HR departments have focused on planning that includes lateral job transfers, or job rotation, among staff members and middle managers.

Greater responsibility also has helped develop those who remain on the pay roll. Even the trend toward connecting pay to performance has helped serve as a motivator.

When stalled careers result from limited skills, knowledge, abilities, or personal attributes among employees, the HR department faces a different set of challenges. If the problem is simple deficiency of knowledge, skills, or abilities, retraining may be the solution. Often however, shortcomings are intertwined with issue of motivation or personal attributes that preclude advancement even with training.

And as organisations attempt to accommodate workforce diversity, affirmative action plans may stall otherwise promotable employees.

Some people reach a career plateau beyond which they are not capable of advancing even with training and development. Yet these same employees may be good performers in their current jobs and may be important to the smooth operation of the organisation.

3.4 Burnout

This is a condition of mental, emotional, and sometimes physical exhaustion that results from substantial and prolonged stress. For example, managers who have had to deal repeatedly with downsizing and the agony of personally laying off workers may experience burnout.

Stress-reduction training can eliminate or reduce the problem before it occurs. However, people who experience burnout are not likely candidates for advancement to jobs with greater responsibility and perhaps greater stress. Even after the feelings of burnout pass, personal motivation or the reputation of having gone through a period of burnout may eliminate a person from consideration for advancement.

As a result of personal burnout or downsizing, ‘companies have interest in reinvigorating diminished and demoralised rank, so they are trying to spur productivity by offering employees a host of ways to juice up their jobs.

Among them: additional training, lateral moves, short sabbaticals, and compensation based on a person’s contribution, not title. As a result, employer facilitated career development efforts are likely to become more important in the future.

SELF-ASSESSMENT EXERCISE

i. In a given situation, in which stalled careers result in deficient skills, and knowledge, abilities, or personal attributes among employees, the HR department faces a different set of challenges. What are these challenges and what solutions are advisable?
ii. What will HR Department do, if shortcomings are intertwined with issue of motivation or personal attributes that preclude advancement even with training?

4.0 CONCLUSION

Two tests in particular-the Kuder Preference Record and the Strong Vocational Interest Blank-are useful for guiding people into occupations that are likely to be of interest to them.

Other tests are available to measure individual abilities and interests in specific types of work. But to be truly successful, career counselors must get employees to assess themselves and their environment.

5.0 SUMMARY

When stalled careers result from limited skills, knowledge, abilities, or personal attributes among employees, the HR department faces a different set of challenges.

If the problem is simple deficiency of knowledge, skills, or abilities, retraining may be the solution.

Often however, shortcomings are intertwined with issue of motivation or personal attributes that preclude advancement even with training.

6.0 TUTOR-MARKED ASSIGNMENT

i. Why is career counseling important to employee and to the organisation?
ii. What is the necessity of studying career counseling and what similarities does it have with career planning progression?
iii. What is Employee Self –Assessment, and its impacts and what are its merits and demerits?
iv. How and why should HR department need to keep employees motivated and developing and what are likely challenges associated with it?

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UNIT 5 CAREER DEVELOPMENT

CONTENTS

1.0 INTRODUCTION

In this unit, we will be learning all about career development which is critical to our career planning activities and studies.

We will continue exploring the benefits, characteristics, features and challenges encountered and initiating mentoring and sponsorship, inspirations and motivational input and networking strategies to achieve realisable career objectives.

It consists of the personal actions one undertakes to achieve a career plan. These actions may be sponsored by the HR department or the manager, or they may be undertaken independently of the HR department.

This section reviews the tactics employees use to achieve their career plans and then discusses the HR department's role in career development.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define career development, career success and progression
- understand the importance of individual career development activities and ethical job performance
- describe leveraging, job networking strategies, personal and professional development
- discuss career long-dedication and organisational loyalty and career opportunities

- explain how to put loyalty to career above loyalty to organisation
- Know job enrichment, job satisfaction and that assumption of good performance underlies all career development activities
- identify why managers rely on subordinates who aid their performance and organisational effectiveness.

3.0 MAIN CONTENT

3.1 Individual Career Development

Each person must accept his or her responsibility for career development or career progress is likely to suffer. Once this personal commitment is made, several career development actions may prove useful.

The most important action an individual can take to further his or her career is good, ethical job performance.

The assumption of good performance underlies all career development activities. When performance is substandard, regardless of other career development efforts, even modest career goals are usually unattainable.

Career progress rests largely on performance.

Career progress also is furthered by exposure. Exposure means becoming known (and, it is hoped, held in high regard) by those who decide on promotions, transfers, and other career opportunities. Without exposure, good performers may not get the opportunities needed to achieve their career goals.

Managers gain exposure primarily through their performance, written reports, oral presentations, committee work, and hours worked. Exposure also comes from enhancing the organisation's social responsibility groups such as the united way, chambers of commerce, and other civic-minded groups.

Simply put, exposure makes an individual stand out from the crowd – a necessary ingredient in career success, especially in large organisations. Consider how one management trainee gained some vital exposure early in her career.

In small organisations, exposure to decision makers occurs more frequently and is less dependent on reports, presentations, and the like. In some situations, especially in other nations, social status, school ties, and seniority can be more important than exposure.

3.2 Networking Strategies

Networking means gaining exposure outside the firm, personal and professional contacts – particularly through professional associations – give one contacts that can be useful in identifying better jobs.

Then, when a career track reaches a dead end or a layoff forces one to swim in the freelance pool, these contacts can help aim one toward job possibilities. Among the sad paradoxes of the 1980s and 1990s have been loyal, well-intentioned, hardworking employees who have dedicated themselves to a company only to find themselves on the layoff list.

For some, dedication to the company, not to their careers, found them forgoing the opportunity to socialised outside the firm in conventions, trade associations, and professional groups. Then, when they were laid off, they lacked a network of associates outside the company who could assist them in finding work.

When greater career opportunities exist outside the organisation, a resignation may be the only way to meet one's career goals.

Some employees – professionals and managers in particular – change employers as part of a conscious career strategy. If done effectively, these resignations usually result in a promotion, a pay increase, and a new learning experience.

Resigning to further one's career with another employer has been called **leveraging.**

Astute managers and professionals use this technique sparingly because too many moves can lead to the label of 'job hopper.' Those who leave seldom benefit the previous organisation because they almost never return with new experience.

3.3 Organisational Loyalty

In some organisations people put loyalty to career above loyalty to the organisation. Low levels of organisational loyalty are common among recent college graduates (whose high expectations often lead to disappointment with their first few employers) and professionals (whose first loyalty is often to the profession).

Career-long dedication to the same organisation complements the HR department's objective of reducing employee turnover. Sometimes employers try to 'buy' this loyalty with high pay or benefits. Other organisations may limit mobility by requiring employees to sign non-compete contracts to prohibit them from working for competitors, usually for one or more years. Still other organisations try to build employee loyalty through effective HR practices, including career planning and development.

By offering careers, not just jobs, many organisations nurture a pool of talent that allows them to staff senior management position internally.

Many employees use their dedication and loyalty to the company as career tactics. For example, one study showed that in the 100 largest industrial companies in the United States, 51 percent of the chief executive officers spent their careers with the same organisation. In Japan, employees tend to be very loyal to the employer because many firms will hire only entry-level workers; also, in many large firms, men are given lifetime employment. Thus, changing jobs to another firm to further one's career is seldom done.

Many employees quickly learn that a mentor can aid their career development. A mentor is someone who offers informal career advice. Neither the mentor nor the employee recognises that a relationship exists. Instead, a junior worker simply knows someone who gives good advice.

If the mentor can nominate the employee for career development activities such as training programs, transfers, and promotions, the mentor becomes a sponsor.

A sponsor is someone in the organisation who can create career development opportunities. Often an employee's sponsor is the immediate supervisor, although others may serve as nominators.

3.4 Key Subordinates

Successful managers rely on subordinates who aid their performance. The subordinates may possess highly specialised knowledge or skills that the manager achieves good performance. In either case, employees of this type are key subordinates.

They exhibit loyalty to their bosses and high ethical standard. They gather and interpret information, often skills that supplement those of their managers, and work unselfishly to further their managers' careers.

They benefit by also moving up the career ladder when the manager is promoted and by receiving important assignments that serve to develop their careers.

These people complement HR objectives through their teamwork, motivation, and dedication. But when a manager resigns and takes a string of key subordinates along, the results can be devastating.

When employees expand their abilities, they complement the organisation's objectives. For example, enrolling in a training program, taking noncredit courses, pursuing an additional degree, or seeking a new work assignment can contribute to employee growth. The growth opportunities aid both the HR department's objective of developing internal replacements and the individual's personal career plan.

Besides self-nomination, groups outside the organisation may help one's career. For years, men have used private clubs and professional associations to form 'old-boy networks' which afford growth opportunities and often a fair amount of exposure organisational decision makers.

Women who are excluded from the informal networks in an organisation can miss the exposure and visibility needed to gain career advancement. The result may be a 'glass ceiling' where women can see the higher rungs on the corporate ladder, but are blocked from reaching them. However, a short piece in the wall street journal noted.

SELF-ASSESSMENT EXERCISE

i. In career development, who is a mentor?
ii. Who is a Sponsor in career development?
iii. Can a mentor aid the career development of employees?
iv. If a mentor can nominate the employee for career development activities, what then becomes of the mentor?

4.0 CONCLUSION

Many employees quickly learn that a mentor can aid their career development. A mentor is someone who offers informal career advice.

Neither the mentor nor the employee recognises that there is a relationship. Instead, a junior worker simply knows someone who gives good advice.

If the mentor can nominate the employee for career development activities such as training programs, transfers, and promotions, the mentor becomes a sponsor. A sponsor is someone in the organisation who can create career development opportunities.

5.0 SUMMARY

When employees expand their abilities, they complement the organisation's objectives. For example, enrolling in a training program, taking noncredit courses, pursuing an additional degree, or seeking a new work assignment can contribute to employee growth.

The growth opportunities aid both the HR department's objective of developing internal replacements and the individual's personal career plan.

Besides self-nomination, groups outside the organisation may help one's career. For years, men have used private clubs and professional associations to form 'old-boy networks' which afford growth opportunities and often a fair amount of exposure organisational decision makers.

6.0 TUTOR-MARKED ASSIGNMENT

i. What is Career development and why is it important that we study it?
ii. Define and differentiate between Career Development, Career Counseling and Career Planning?
iii. What do you understand by networking strategy and leveraging and what role does subordinate and organisational loyalty traits play in this perspective?

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MODULE 2

UNIT 1 PERSONNEL THOUGHT

CONTENTS

1.0 INTRODUCTION

In this unit, we will be discussing personnel thought and related areas of personnel activities and actions and issues of Critical System thinking perspectives of personnel management responsibilities and functions.

Maintaining an effective workforce requires more than just pay, benefits, simple inspiration and safe working conditions. Employees need to be motivated hand satisfied with their jobs, Personnel and job-related problems more lead to the need for counseling, ethics and discipline.

Here again, HR specialists can provide effective programs or specific advice to operating managers.

To increase employee satisfaction and organisational productivity, communications are used to keep people informed.

When employee relations are ineffective, the employees will join together and form self-help groups called unions. When this occurs, the HR department is usually responsible for dealing with the union.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- compare proactive approach to HRM with organisational effectiveness
- describe personal thought, critical thinking, in relation to system thinking
- state the relevance and importance of HRM and strategic management
- discuss the meaning and differentiate between management approach and HR approach to employee related issues
- explain your understanding of service role of HR approach and proactive approach to personnel role, challenges and prospects
- articulate the meaning of Functional Authority, Line Authority and Line Manager roles and responsibilities.

3.0 MAIN CONTENT

3.1 Personnel Thought- Applying System Thinking

By applying systems thinking, managers can take action before serious problems arise. To institutionalise a proactive approach, for example, progressive HR departments even assign community, legislative and other public affairs functions to members of the department as a means of monitoring the environment for proactive opportunities.

3.1.1 Using a Systems Perspective is Helpful but Insufficient

Managers and HR department can always wait for feedback and then respond.

Waiting until an actual problem occurs and then reacting may be inappropriate and costly. Reactive human resources management occurs when decision makers respond to HR problems.

Proactive human resources management occurs when HR problems are anticipated and corrective action begins before a problem arises.

Effective and efficient solutions are generally more likely to be found if managers and HR departments use proactive approaches. Solutions are more likely to be found if manager and HR department use proactive approach.

3.1.2 Proactive Approach to Managing Personnel

This approach improves productivity by minimising the resources needed to respond to change in the environment or to produce the organisation's goods or services. Furthermore, progressive approaches that are proactive imply superior financial performance. In summary, a proactive approach to the management of HR is a major step in enhancing organisational productivity.

As with any ongoing system, HR departments need to uncover their successes and failures through self-evaluation. Full-service departments regularly conduct audits of their performance and do research to uncover more effective ways to serve the organisation, often this research helps uncover future challenges and predict their impact on the organisation and its human resources.

3.1.3 View Points of Human Resources Management

This unit introduced several ways of looking at HR management were otherwise known as and called viewpoints. These points provide complementary themes that help managers and HR Professionals keep the HR function and its activities in the proper perspective. These underlying themes will be examined throughout the unit. They include:

- **Strategic management:** it must contribute to the strategic success of the organisation. If the activities of managers and the HR department do not help the organisation achieve its strategic objectives, resources are not being used effectively.
- **Human Resources Approach**: HR management is the management of people. The importance and dignity of human beings should not be ignored for the sake of expediency. Only through careful attention to the needs of employees can organisations grow and prosper.
- **Management Approach**: HR management is the responsibility of every manager. The HR department exists to serve managers and employees through its expertise. In the final analysis, the performance and well-being of each worker is the dual responsibility of that worker's immediate supervisor and the HR department.

- **Systems Approach:** HR management takes place within a larger system, that is, the organisation. Therefore, HR effort must be evaluated with respect to the contribution they make to the organisation's productivity. In practice, experts must recognise that the management model is an open system of interrelated parts: Each part affects the others and is influenced by the external environment.
- **Proactive Approach:** HR management can increase its contribution to the employees and the organisation by anticipating challenges before they arise. If its efforts are reactive only, problems may be compounded and opportunities may be missed.

Since HR management is an open system, it is affected by the environment in which it is practiced. The historical evolution of HR management and the standards of professionalism in the field help shape that environment, for example.

Other challenges arise from society and even from the organization that the department serves. These historical, societal, and professional challenges set the context in which HR management is practiced.

Recognition and understanding of these challenges are fundamental to the proper practice of HR management. Each of these challenges is explored more fully in this unit and will examine international challenges, and will discuss the challenge of providing equal employment opportunity.

3.2 The Service Role of Human Resource Department

HR departments exist to assist the organisation, its managers, and its employees. HR is a service department even when faced with a need to reduce costs, service-oriented HR departments, such as the one at Hewlett-Packard, often seek to substitute computer and information technologies for lower staffing levels as a means of maintaining service to others in the organisation.

As members of a service department, HR managers and specialists do not have the authority to manage other departments. Instead, they have staff authority, which is the authority to advice, not direct, other managers.

3.2.1 Line Authority

Line authority is the right to direct the operations of departments that make or distribute an organisation's products or service. Those who have line authority are sometimes called line operating managers.

3.2.2 Line Manager

Line Managers makes decisions about production, performance, and people. They determine promotions, job assignments, and other people-related decisions. HR specialists advise operating managers and other staff managers, who are ultimately responsible for their employees' performance.

Although advisory, staff authority is powerful. When HR advises a manager about an HR issue, that manager may reject the advice. In doing so, however the manager bears the full responsibility for the outcome. If the results cause employee relations problems, the consequences fall on the manager.

To avoid disruptive consequences, managers usually consider the HR department's advice and follow it. As a result, the department has considerable influence in shaping the actions of managers in other departments.

When the cost of not following the HR department's counsel is high, top management may replace staff or advisory authority with functional authority over specific issues.

3.2.3 Functional Authority

Functional authority is the right given to specialists to make the final decision in specified circumstances. In highly technical or routine decisions, functional authority allows the department to make decisions that would otherwise be made by managers in other departments. If, for example, each department manager at Hewlett-Packard made separate decisions about employee benefits, the result would be excessive costs and inequities.

Therefore, the right of these managers to determine their employees' benefit package at Hewlett-Packard is given to the HR department by top management. If these managers disagree with the department's actions, they can ask top management to review and even veto those plans. Otherwise, the department makes the decisions about employee benefits to ensure control, uniformity, and the use of its expertise. When given functional authority, the HR department no longer advises: it decides. However, as in all organisational decisions, the use of functional authority is subject to review by top management.

3.2.4 HR Creating Productive Climate

The use of line, staff, and functional authority results in a dual responsibility for human resources management.

Both line and HR managers are responsible for employee productivity and the quality of work life.

HR department are responsible for creating a productive climate by finding ways to enhance the organisation's quality of work life through its activities and advice to other managers. Hewlett-Packard, for example, is often rated as one of the best companies to work for in the United States. At the same time managers are responsible for their employees' day-to-day treatment and for the quality of work life in their departments.

SELF-ASSESSMENT EXERCISE

i. How can HR increase its contribution to the employee and the organisation?
ii. In what way is HR efforts evaluated in respect of organisational productivity input?

4.0 CONCLUSION

The central challenge facing society is the continued improvement of our organisations, both' private and public. The purpose of HR management is to improve the contribution made by people to organisations.

To carry out this role, managers and HR departments need to satisfy multiple and sometimes conflicting, objectives. Societal, organisational, functional, and personal objectives must be met, but only in a way that is appropriate to the organisation being served.

These objectives are achieved through a variety of HR activities designed to obtain, maintain, utilise, evaluate, and retain an effective workforce. These activities are the responsibility of all managers in the organisation, even though many of them may be delegated to specialists in the HR department.

5.0 SUMMARY

HR activities can be viewed as a system of interrelated actions. Each activity affects other activities directly or indirectly. Managers and HR specialists view Information and Human resources as the primary inputs.

They transform these inputs through various activities to produce results that help the organisation meet its goals and increase its productivity. Ideally, managers and HR expert undertake this role proactively.

6.0 TUTOR-MARKED ASSIGNMENT

i. Explain your understanding of system thinking to personnel management?
ii. What are view-points and functions of Human Resources Management in this unit?
iii. Identify and discuss the meaning, importance and in differentiating the proactive approach and the system approach to HR management of organisational issues of a firm you may be familiar with in your community?

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UNIT 2 HUMAN RESOURCES FRAMEWORKS

CONTENTS

1.0 INTRODUCTION

Organisations are the most inventive social arrangements of our age and of civilisation. It is a marvel to know that tens of thousands of people with highly individualised backgrounds, skills, and interests are coordinated in various enterprises to pursue common institutionalised goals.

In this unit, we begins our studies in learning the overview of personnel management and or human resources framework from its structure and with the explanation of how organisations make the tradeoffs through HR activities. It shows the purpose of HR management and explains how it responds with clear objectives and specific activities to improve the productive contribution of people.

This unit ends by describing an overall framework in the form of a model. Later units expand the model and provide details.

We will respond to these challenges through our most creative invention; organisations. The better our organisations work, the more easily our society can meet these changes and opportunities.

Therefore, the central challenge facing our society is the continued improvement of our organisations, both private and public.

When public and private organisations improve, society prospers and meets the challenges. But they improve the organisations through more effective and efficient use of their resources.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the purpose and objectives of human resources management
- illustrate the relationships among the key jobs, role and basic functions of human resources management of an organisation
- describe the major functions of human resource management information system, activities and importance of resource and IT
- identify the central HR challenges facing organisations in the Nigerian society
- explain the dual responsibility for human resources management shared by managers and professionals
- discuss the challenges arising from the globalisation of businesses
- compare and contrast societal objectives, personal objectives and key HR activities and their relevance to strategic human resources planning.

3.0 MAIN CONTENT

3.1 The Purpose of Human Resource Management

The purpose of human resource management is to improve the productive contribution of people to the organisation in ways that are strategically, ethically, and socially responsible. This purpose guides the study and practice of HR management, which is also commonly called personnel management. The study of HR management describes the HR-related efforts of operating managers and shows how personnel professionals contribute to those efforts.

Human resources determine every organisation's success. Improving the human contribution is so ambitious and important; however, that all but the smallest firms create a specialised personnel or HR department. lt is ambitious because HR departments do not control many of the factors that shape the employees' contribution, such as capital, materials, and procedures. The department decides neither strategy nor a supervisor's treatment of employees, although it strongly influences both. Simply put, the HR department exists to support managers and employees as they pursue the organisation's strategies. However, to guide its many activities and support the managers who operate other parts of the organisation, HR departments must have objectives.

3.1.1 The Objectives of Human Resource Management

Managers and HR departments achieve their purpose by meeting objectives. Objectives are benchmarks against which actions are evaluated. Sometimes they are carefully thought out and expressed in writing. More often objectives are not formally stated. Either way, they guide the HR function in practice. Consider the objectives of Hewlell-Packard's founders.

3.1.2 Societal Objective

To be ethically and socially responsive to the needs and challenges of society while minimising the negative impact of such demands on the organisation. The failure of organisations to use their resources for society's benefit in ethical ways may result in restrictions. For example, society may limit HR decisions through laws that address discrimination, safety, and oilier areas of societal concern.

3.1.3 Personal Objective

To assist employees in achieving their personal goals, at last in so far as those goals enhance the individual's contribution to the organisation. The personal objectives of employees must be met if workers are to be maintained, retained, and motivated. Otherwise, employee performance and, satisfaction may decline and employees may leave the organisation. In addition to Hewlett-Packard's no-layoff policy, the HR department, for example, also furthers personal objectives. In one instance, the HR department helped its technically oriented women network and furthered their careers by organising a technical women's conference.

3.1.4 Key Human Resource Activities

Human resource activities are actions that are taken to provide and maintain an appropriate workforce for the organisation. Not every manager or HR department undertakes every activity discussed in this book. Small companies may not have an HR department, and small employers with HR departments may lack large budgets and adequate numbers of staff members. These departments simply focus on the activities that are most important for the organisation. Large departments usually are "full-service" ones; they do all the activities shown in Figure 2.1 and described in the following paragraphs.

MANAGEMENT OBJECTIVE	**SUPPORTING ACTIVITIES**	
SOCIETAL OBJECTIVE	1	Legal compliance
	2.	Benefits
	3.	Union-management relations
ORGANISATIONAL OBJECTIVE	1	Human resources planning
	2	Employee Relations
	3	Selection
	4	Training and development
	5	Appraisal
	6	Placement
	7	Assessment
FUNCTIONAL OBJECTIVE	1	Appraisal
	2	Placement
	3	Assessment
PERSONAL OBJECTIVE	1	Training and development
	2	Appraisal
	3	Placement
	4	Compensation
	5	Assessment

Fig. 2.1: The relation of activities to objectives in Human Resource Management

Source: Hewlett-Packard's HR Policy Manual on Objectives and Activities 2008 p.p. 233-4

Responsibility for human resources activities: the responsibility for HR management activities rests with each manager. If managers throughout the organisation do not accept this responsibility, HR activities may be done only partially or not at all. Even when an HR department is created within the organisation, both operating manager and HR experts have dual responsibility for employee performance. Individual managers remain involved with planning, selection, orientation, training, development, evaluation, compensation other HR activities, even though they may be assisted by experts the HR department. For example, one reason why Hewlett-Packard did not have an HR department during its first eighteen years was that the founders "believed that line managers should care about their people and handle their own personnel issues".

3.2 The Human Resource Department in a Small Organisation

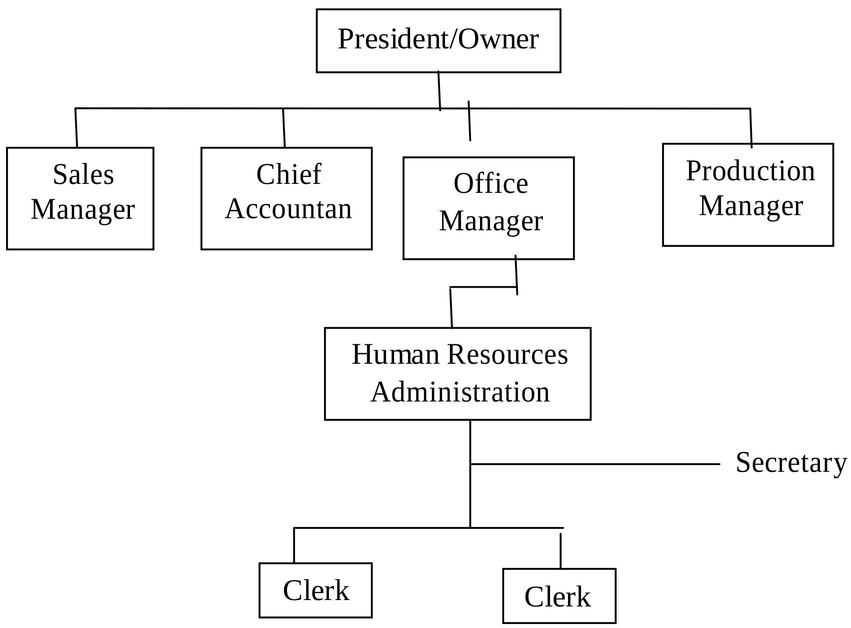

Fig. 2.2: Source: Con-Edison Inc, Major HR Activities of a Sub-Dept., Saratoga, 112- 201.

3.2.1 Department Components

The sub departments of a large full-service HR department approximately correspond with the activities shown in Figure 2.2.For each major activity, a sub department may be established to provide the specialised service. The work of the employment department, for example, involves recruitment and selection.

Other divisions in the figure perform the activities their names imply. This specialisation allows members of the department to become experts in a limited number of activities.

For example employment, training, and development sections may share in HR planning and placement. Performance appraisals are used to determine pay, and so the compensation division may assist managers in appraising performance. Required services come under the benefits and wages sections. Control activities, communications, counseling are divided among the entire sub departments, with employee and labour relations doing most of these tasks. Employee and labour relates sections also provided the official union-manager coordination when unions exist. The Delta Air lines personnel division provides a real-life example.

3.2.2 Key Roles in a Human Resource Department

Within the HR department there is a hierarchy of jobs. The top job varies in importance and title in different organisations. When the department first formed, its head is often called a personnel or human resource manager, director, or administrator. The title of vice president of personnel or vice president of human becomes more likely as the department’s sixe, contribution sophistication, and responsibility grow. If unions make a major demand on the personnel function, the title typically becomes director or even president of industrial relations.

Large HR departments have a variety of positions. The manager of employment helps other mangers with recruiting and selection. The compensation manager establishes fair pay systems. The training and development manager provides guidance and programs for managers who want to improve their human resources skills. Other activity managers contribute their expertise and usually report directly to the head of the HR department. Activity managers may be supported by an assortment of specialists, secretaries and clerks. These are the people who carry out the department's activities. It is the specialists in large organisations who actually do the recruiting, training, and other necessary tasks. These specialist positions are the jobs in which college graduates often start their careers in HR work.

3.2.3 The Service Role of a Human Resource Department

HR departments exist to assist the organisation, its managers, and its employees. HR is a service department. Even when faced with a need to reduce costs, service-oriented HR departments, such as the one at Hewlett-Packard, often seek to substitute computer and information technologies for lower staffing levels as a means of maintaining service to others in the organisation.

As members of a service department, HR managers and specialists do not have the authority to manage other departments. Instead, they have staff authority, which is the authority to advise, not direct, other managers. Line authority is the right to direct the operations of departments that make or distribute an organisation's products or service. Those who have line authority are sometimes called line 01' operating managers. Line managers make decisions about production, performance, and people. They determine promotions, job assignments, and other people-related decisions. HR specialists advise operating managers and other staff managers, who are ultimately responsible for their employees' performance.

Although advisory, staff authority is powerful. When HR advises a manager about an I-1R issue, that manager may reject the advice. In doing so, however the manager bears the full responsibility for the outcome. If the results cause employee relations problems, the consequences fall on the manager. To avoid disruptive consequences, managers usually consider the HR department's advice and follow it. As a result, the department has considerable influence in shaping the actions of managers in other departments.

When the cost of not following the HR department's counsel is high, top management may replace staff or advisory authority with functional authority over specific issues. Functional authority is the right given to specialists to make the final decision in specified circumstances. In highly technical or routine decisions, functional authority allows the department to make decisions that would otherwise be made by managers in other departments. If, for example, each department manager at Hewlett-Packard made separate decisions about employee benefits, the result would be excessive costs and inequities. Therefore, the right of these managers to determine their employees' benefit package at Hewlett-Packard is given to the HR department by top management. If these managers disagree with the department's actions, they can ask top management to review and even veto those plans. Otherwise, the department makes the decisions about employee benefits to ensure control, uniformity, and the use of its expertise. When given functional authority, the HR department no every longer advises: it decides. However, as in all organisational decisions, the use of functional authority is subject to review by top management.

The use of line, staff, and functional authority results in a dual responsibility for human resources management. Both line and HR managers are responsible for employee productivity and the quality of work life. HR departments are responsible for creating a productive climate by finding ways to enhance the organisation’s quality of work life through its activities and advice to other managers. Hewlett-Packard, for example, is often rated as one of the best companies to work for in the United States. At the same time managers are responsible for their employees’ day-to-day treatment and for the quality of work life in their departments.

3.2.4 The Human Resources Management Model

HR Management is a system that consists of many interdependent activities. These activities do not occur in isolation; virtually every one affects another HR activity.

In preparing a bid for a construction contract, an estimator miscalculated the staffing requirements. To many unskilled workers and too few skilled employees were hired. As the expansion of the football stadium fell behind schedule. Supervisors tried to get work down more quickly. This speedup led to complaints from the union. Finally, the project manager realises the problem the manager fired one-third of the unskilled workers and replaced them with skilled cement masons and carpenters. This decision led to legal problems involving unemployment compensation claims, and the higher-paid skilled workers caused the original payroll estimates to be wrong. The HR manager has to intervene. The stadium seats were in place by the first home game, but the contractor lost $385,000 on the job.

HR subsystems affect each other, and specialists must remain aware of this interdependency. Perhaps the most effective way to recognise possible complications is through systems thinking. It provides a simplified visual model for applying systems thinking.

An applied systems view describes HR activities as taking inputs and transforming them into output. Then a manager or an HR specialist checks the results to see if they are correct. This checking process produces feedback, which is information that helps evaluate success or failure. In practice, systems thinking helps identify the key variables. After viewing new information as an input, managers of HR specialists decide what the desired output is. Once inputs and outputs are known, decision makers draw on their knowledge of HR activities to transform the inputs into outputs in the most effective way. To verify their success, they acquire feedback about the outcome.

Thinking in terms of systems is useful because it enables one to recognise interrelationships among parts. If one adopts a systems view of HR management, the relationships among activities are less likely to be overlooked. Systems thinking also requires the recognition of the system's boundaries, which mark the beginning of its external environment. The environment is an important consideration because most systems are open systems. An open system is one that is affected by the environment. Organisations and people are open systems because they are affected by their environments. HR management is also an open system that is influenced by the external environment. For example, the stadium contractor's organisation described earlier is an open system because the society, the organisation, and professional HR practices affect the way in which the department responds. At the same time, systems exhibit continual interaction with their environment, even influencing the environment, as the stadium contractor's decision to hire large number of skilled workers undoubtedly affected the local labour market.

The role of major human resource subsystems shown is highlighted by a brief discussion of this model that also serves as a preview of the five parts of this book and their major topics. Each part of the book is identified in the model by a Roman numeral.

3.2.5 Frameworks and Challenges

Operating managers and HR experts face many challenges in dealing with people. The central challenge is to assist the organisation in improving its effectiveness and efficiency in an ethical and socially responsible way. Other challenges arise from the environment in which organisations operate; changing demands of workers, international and domestic competitors, pressure groups, professional ethics, and government are just a few. Challenges also come from within the organisation. For example, managers and other departments compete with the HR department for larger budgets, for a larger share of the organisation's resources. Perhaps the most pervasive forces are workforce diversity, international competition, and the legal requirement for equal employment opportunity. Success in advising other managers about these and other challenges depends on continued awareness of the challenges facing both operating managers and HR professionals.

3.3 Development and Evaluation

Once hired, new employees are oriented to the company's policies and procedures. They are then placed in jobs and given the training needed to be productive. With a solid base of information, managers and HR specialists can help determine the needs for orientation, training development, and career counseling of present employees. As a result of these activities, many job openings can be filled from within rather that by recruiting from outside the firm. The results should lead to a more effective workforce. To evaluate employees, formal performance appraisals are conducted periodically. Appraisals give workers feedback on their performance and can help the manager and the department spot weakness.

3.3.1 Compensation and Protection

Equitable compensation is needed to retain and maintain an effective workforce. Employees must be paid a fair wage or salary relative to their productive contribution. When appropriate, incentives may be added. When compensation is too low, turnover and other problems involving employee relations are likely. If pay is too high, the company can lose its competitive position in the marketplace. But modern compensation management goes beyond pay. Benefits are an increasingly important part of every compensation package and must be in consonance with employee productivity, if the company is to retain its workers and remain competitive**.**

At the same time, the organisation needs to protect its workers from occupational hazards. Through health and safety programs, the department not only assures safe laws. All these concerns require specialised knowledge and are largely left to the discretion of the HR department in regard to advising line management.

3.3.2 Employee Relations and Assessment

Maintaining an effective workforce requires more than just pay, benefits, and safe working conditions. Employees need to be motivated and satisfied with their jobs, Personnel and job-related problems most often lead to the need for counseling or discipline. Here again, HR specialists can provide effective programs or specific advice to operating managers. To increase employees' satisfaction and organisational productivity, communications are used to keep people informed. When employee relations are ineffective, the employees may join together and form self-help groups called unions. When this occurs, the HR department is usually responsible for dealing with the union. As with any ongoing system, HR departments need to uncover their successes and failures through self-evaluation. Full-service departments regularly conduct audits of their performance and do research to uncover more effective ways to serve the organisation, Often this research helps uncover future challenges and predict their impact on the organisation and its human resources.

Using a systems perspective is helpful but insufficient. Managers and HR departments can always wait for feedback and then respond. Waiting until actual problems occurs and then reacting may be inappropriate and costly. Reactive human resources management occurs when decision makers respond to HR problems. Proactive human resources management occurs when HR problems are anticipated and corrective action begins before a problem arises.

Effective and efficient solutions are generally more likely to be found if managers and HR departments use proactive approaches. By applying systems thinking, managers can take action before serious problems arise. To instutionalise a proactive approach, for example, progressive HR departments even assign community, legislative and other public affairs functions to members of the department as a means of monitoring the environment for proactive opportunities. This approach improves productivity by minimising the resources needed to respond to change in the environment or to produce the organisation’s goods or services. Furthermore, progressive approaches that are proactive imply superior financial performance. In short, a proactive approach to the management of HR is a major step in enhancing organisational productivity.

3.3.3 Viewpoints of Human Resources Management

This unit introduced several ways of looking at HR management called viewpoints. These points provide complementary themes that help managers and HR Professionals keep the HR function and its activities in the proper perspective. These underlying themes will be examined throughout. They include:

- **Strategic Approach:-** HR management must contribute to the strategic success of the organisation. If the activities of managers and the HR department do not help the organisation achieve its strategic objectives, resources are not being used effectively.
- **Human Resources Approach**:- HR management is the management of people. The importance and dignity of human beings should not be ignored for the sake of expediency. Only through careful attention to the needs of employees can organisations grow and prosper.
- **Management Approach**:- HR management is the responsibility of every manager. The HR department exists to serve managers and employees through its expertise. In the final analysis, the performance and well-being of each worker is the dual responsibility of that worker's immediate supervisor and the HR department.
- **Systems Approach:-** HR management takes place within a larger system: the organisation. Therefore, HR effort must be evaluated with respect to the contribution they make to the organisation's productivity. In practice, experts must recognise that the HR management model is an open system of interrelated parts. Each part affects the others and is influenced by the external environment.
- **Proactive Approach:** HR management can increase its contribution to the employees and the organisation by anticipating challenges before they arise. If its efforts are reactive

only, problems may be compounded and opportunities may be missed.

Since HR management is an open system, it is affected by the environment in which it is practiced. The historical evolution of HR management and the standards of professionalism in the field help shape that environment, for example. Other challenges arise from society and even from the organisation that the department serves. These historical, societal, and professional challenges set the context in which HR management is practised. Recognition and understanding of these challenges are fundamental to the proper practice of HR management.

SELF-ASSESSMENT EXERCISE

i. What does the term "human resources" refers to in an organisation?
ii. When managers engage in human resources (HR) activities as part of their jobs, what do they seek to facilitate?
iii. Explain what "strategic management human resources" view requires that managers use HR efforts to further?

4.0 CONCLUSION

The central challenge facing society is the continued improvement of our organisations, both private and public. The purpose of HR management is to improve the contribution made by people to organisations.

To carry out this role, managers and HR departments need to satisfy multiple and sometimes conflicting, objectives. Societal, organisational, functional, and personal objectives must be met, but only in a way that is appropriate to the organisation being served. These objectives are achieved through a variety of HR activities designed to obtain, maintain, utilise, evaluate, and retain an effective workforce. These activities are the responsibility of all managers in the organisation, even though many of them may be delegated to specialists in the HR department.

5.0 SUMMARY

HR activities can be viewed as a system of interrelated actions. Each activity affects other activities directly or indirectly. Managers and HR specialists view information and human resources as the primary inputs. They transform these inputs through various activities to produce results that help the organisation meet its goals and increase its productivity. Ideally, managers and HR expert undertake this role proactively.

6.0 TUTOR-MARKED ASSIGNMENT

i. Equitable compensation is needed to retain and maintain an effective workforce, do you agree or disagree. Explain
ii. Maintaining an effective workforce requires more than just pay, benefits, and safe working conditions. Discuss

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UNIT 3 TRAINING AND DEVELOPMENT

CONTENTS

1.0 INTRODUCTION

Placing employees in jobs does not ensure their success. New employees are often uncertain about their roles and responsibilities. As job demands and employees' capabilities must be balanced through orientation and training programs: Both are needed. Once employees have been trained and have mastered their jobs, they may need further development to prepare for their future responsibilities. And with ongoing trends toward greater work, force diversity, fatter organisations, and increased global competition, training and development efforts enable employees to assume expanded duties and greater responsibilities.

In this unit, we will be taking a closer study on significance of training and development and how to overcome potential challenges.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain how training and development differ and the importance of training
- justify employee and organisational motives for training and development
- discuss the reasons for including needs analysis in the design of training and development programs
- explain the impact of trends in global business and workforce diversity on training and development.
- identify different approaches to training with key learning principles
- evaluate the effectiveness of training and development programs.

3.0 MAIN CONTENT

3.1 Benefits in Personnel and Human Relations, Intra- and Intergroup Relations and Policy Implementation

- Improves communication between groups and individuals
- Aids in orientation {or new employees and those taking new jobs through transfer or promotion
- Provides information on equal opportunity and affirmative action
- Provides information on other governmental laws and administrative policies
- Improves interpersonal skills
- Makes organisational policies, rules and regulations viable
- Improves morale
- Builds cohesiveness in groups
- Provides a good climate for learning, growth, and coordination.
- Makes the organisation a better place to work and live.

Although training helps employees do their current jobs, the benefits of training may extend throughout a person's career and help develop that person for future responsibilities. Development, by contrast, helps the individual handle future responsibilities, with little concern for current job duties. Since the distinction between training (now) and development (future) is often blurred and is primarily one of intent, both are discussed together throughout the chapter, with significant differences noted.

Looked at from the overall corporate perspective, the distinction between training for a current job and development for a future one blurs even further. What most firms seek to create is an organisation where people engage in continuous learning. Consider the training program at Corning Corporation.

At Corning, learning opportunities range from skills-oriented training to seminars that deal with broad developmental issues those upwardly mobile managers can expect to face during their careers. Neither the training coordinator nor the students care much whether a class is intended to be "training" or "development." The more appropriate concern is whether the seminars help the employees and the organisation, as an HR assistant and plant training coordinator at Corning asked.

The training provided by Corning was directed at employees at all levels in both the Kentucky and the Virginia operations. However, at many companies these activities are concentrated among managers and professionals, unlike in Japan and Europe, where greater attention is given to the skills training of workers. For example, in America, only 10% of young recruits had any formal training from their company, compared with around 70% in Japan and Germany.

The result, according to one researcher, is that only 35 percent of Americans receive upgrading on the job. At the same time, many organisations provide remedial education, teaching reading, writing, and arithmetic skills to workers. These workers may be part of the nearly 14 percent of 18- to 21-year-olds who lack high school degrees," compared with 6 percent in Japan." Restated, “one in seven American adults, or about 25 million people, are functionally illiterate."

As businesses become more global, competition demands a more competent workforce. When a nation's educational system does not provide sufficiently educated workers, the burden falls on businesses. It has been estimated that U.S. businesses spend more than $30 billion annually on training and development. A survey by the American Society for Training and Development found that firms invest at least 2 percent of payroll in training and development. In France, by comparison, employers with ten or more employees are required to spend 1.4 per cent of payroll on training or pay what is not spent to the government as a tax. Some leading U.S. companies, such as General Electric, Texas Instruments, and Motorola, spend even more than the French mandate or the U.S. average of 1.2 per cent of payroll. lBM, Motorola, Xerox, McDonald’s, Ford, and others have built education centres to meet their commitment to the training and development of their workforces. These and other companies have been called “learning organizations” because they treat training and development as an “investment”, in their future, not an “expense”.

As Paul Banas, Ford’s manager of human resource strategies and planning explains, "If education and training are seen as a cost, then in tough times when costs are cut, education and training budgets disappear. However, if a corporation has developed a set of values and principles that view employees as an important asset, then the education and training remain even during corporate downswings”.

Training and Development pay dividends to the employee and the organisation, as suggested Though no single program yields all the benefits in the figure, the personal and career goals of the employee are furthered, adding to his or her abilities and value to the employer, which furthers the objectives of managers and the HR department. However, training and development are not universal solutions to every need. Effective job designs, selection, placement, and other activities are necessary too. Nevertheless, training can make a substantial contribution when done properly.

3.1.1 Benefits to the Individual which in Turn Ultimately Should Benefit the Organisation

- Helps the individual in making better decisions and effective problem solving.
- Through training and development, motivational variables of recognition, achievement, growth, responsibility and advancement are internalised and operationalised.
- Aids in encouraging and achieving self-development and self-confidence.
- Helps a person handle stress, tension, frustration and conflict.
- Provides information for improving leadership knowledge, communication skills and attitudes.
- Increases job satisfaction and recognition.
- Moves a person toward personal goals while improving interaction skills. (Satisfies personal needs of the trainer (and trainee!).
- Provides trainee an avenue for growth and a say in his/her own future &. Develops a sense of growth in learning.
- Helps a person develop speaking and listening skills; also writing skills when exercises are required.
- Helps eliminate fear in attempting new tasks.

3.1.2 Step to Training and Development

To receive the benefits listed in this unit, HR specialists and managers must assess the needs, objectives, content, and learning principles associated with training. As implied by the figure, the person who is responsible for training or development (usually a trainer) must assess the needs of the employee and the organisation to learn which objectives should be sought. Once objectives are set, the specific content and learning principles are considered.

3.1.3 Needs Assessment

Needs assessment provides diagnosis of current problems and future challenges to be met through training and development. For example, competitive pressure or a change in the organisation's strategy may lead to downsizing and the restructuring that accompanies it. As a result, the remaining employees may need to be more broadly trained. The comments of one training director illustrate how the external environment affects training.

Supervisors see employees on a daily basis and thus are another source of recommendations for training. However supervisors may use training sessions as a means to banish troublemakers, "hide" surplus employees who are temporarily not needed, or reward good employees, especially when the training involves travel to another city. Since these are not valid reasons, the HR department often reviews supervisory recommendations to verify the need for trainings.

The HR department also reviews self-nominations to learn whether the training actually is needed. In one research study, more training attendees were chosen through supervisor recommendation than through self-nomination D Sell-nomination appears to be less common for training situations but more common for developmental activities such as getting an M.B.A. degree under the employer's tuition reimbursement program.

Needs assessment also considers diversity and international issues. Training may be wasted if poor performance stems from language or cultural barriers. For example, employees in developing nations may have different views about time ranging from problems with punctuality and attendance to attitudes in which interpersonal relationships are valued more highly than is timely performance. A common reaction is to provide more training in how to do the job, but when cultural imperatives dictate that performance is secondary to customs, skills training may be inappropriate or even wasteful." (However, it should be noted that training is one of the major tools used to increase awareness of diversity issues and build cooperation among diverse groups within organisations.)

The success of the remaining steps in the unit depends on the accuracy of the needs assessment process and the resulting training and development objectives.

3.1.4 Training and Development Objectives

Needs result in training and development objectives, which should state the desired behaviour and the conditions under which it is to occur. These stated objectives then become standards against which individual performance and the program can be measured. For example, the objectives for an airline reservationist might be stated as follows:

- provide flight information to call-in customers within thirty seconds
- complete a One-city round-trip reservation in two minutes after all information has been obtained from the customer.

Specific, measurable, time-targeted objectives like those listed above for a reservationist gives the trainer and the trainee specific goals that can be used to evaluate their success. If the objectives are not met, failure gives the HR department feedback on the program and the participants.

3.1.5 Learning Principles

Ideally, training and development are more effective when the training methods match the learning styles of the participants and the types of jobs needed by the organisation. Unfortunately, learning cannot be observed; only its results can be measured. From studies of learning, however, researchers have sketched a broad picture of the learning process and have developed some tentative learning principles. Perhaps the best way to illustrate learning is through the use of the learning curve. As the curve indicates, learning lakes place in bursts (from points A 100) and on plateaus. Trainers have two goals related to the shape of each employee's learning curve. First, they want the learning curve to reach a satisfactory level of performance. Second, they want the learning curve to get to the satisfactory level as quickly as possible. Although the rate at which people learn depends on the individual, learning principles help speed up the learning process.

Feedback

Feedback gives learners information on their progress, with feedback; motivated learners can adjust their behaviour to achieve the quickest position learning curve; without it, they cannot gauge their progress and may become discouraged. Test grades are feedback on the study habits of test takers, for example.

3.1.6 Job Instruction Training

Job instruction training is received directly on the job, and so it is often called "on-the job" training. It is used primarily to teach workers how to do their current jobs. A trainer, supervisor, or co-worker serves as the instructor. When it is properly planned and executed, this method includes each of the learning principles.

3.1.7 Job Rotation

To cross-train employees in a variety of jobs, some trainers move a trainee from job to job. Each move normally is preceded by job instruction training. Besides giving workers variety in their jobs, cross-training helps the organisation when vacations, absences, downsizing, or resignations occur. Learner participation and high job transferability are the learning advantages of job rotation. Though rotation is most often associated with hourly employees, it can be used for jobs on many levels within the organisation.

Each of these programs seeks to give employees exposure to a variety of assignments. Among hourly employees, job rotation is an effective way to train workers and give management greater flexibility in making job assignments. Among managerial, technical, and professional employees, job rotation can provide a broader perspective, often developing these employees for potential career advancement.

3.1.8 Apprenticeships and Coaching

Apprenticeships involve learning from a more experienced employee or employees, though it may be supplemented with off-the job classroom training. Most craft workers, such as plumbers and carpenters, are trained through formal apprenticeship programs. Assistantships and internships are similar to apprenticeships because they use high levels of participation by the trainee and have high transferability to the job.

Coaching is similar to apprenticeships because the coach attempts to provide a model for the trainee to copy. Most companies use coaching. It tends to be less formal than an apprenticeship program because there are few formal classroom sessions and because it is provided when needed rather than being part of a carefully planned program. Coaching is almost always handled by the supervisor or manager, not by the HR department. Sometimes a manager or another professional lakes an interest and plays the role of mentor, giving both skills and career advice. Participation, feedback, and job transference are likely to be high in this form of learning.

Assignments to task forces or committees may help develop people in much the same way that apprenticeships and coaching do through periodic staff meetings or work with task forces and committees, a manager develops interpersonal skills, learns to evaluate information, and gains experience in observing other potential models.

3.1.9 Lecture and Video Presentations

Lecture and other off-the-job techniques tend to rely more heavily on communications than the modeling. The methods are applied in both training and development. Lecturing is a popular approach because it offers relative economy and a meaningful organisation of materials. However, participation, feedback, transference, and repetition are often low. Feedback and participation can be improved when discussion is permitted along with the lecture process.

Television, films, slides, and filmstrip presentations are similar to lectures. A meaningful organisation of materials is a potential strength, along with initial audience interest. The growth of video presentations has been encouraged by the use of satellite communications to bring courses into the work site, particularly in engineering and other technical fields.

3.2 Vestibule Training

To keep instruction from disrupting normal operations, some organisations use vestibule training. Separate areas or vestibules are set up with equipment similar to that used on the job. This arrangement allows transference, repetition, and participation. Meaningful organisation of materials and feedback are also possible.

3.2.1 Role Playing and Behaviour Modeling

Role playing is a device that forces trainees to assume different identities. For example, a male worker may assume the role of a female supervisor and a female supervisor may assume the role of a male worker. Then both may be given a typical work situation and told to respond as they would expect the other to do. The result? Usually participants exaggerate each other's behaviour. Ideally, they relate to themselves as others see them. The experience may create greater empathy and tolerance of individual differences and is therefore well suited to diversity training, which aims to create a work environment conducive to a diverse workforce. This technique is used to change attitudes, for example, to improve racial understanding. It also helps develop interpersonal skills. Although participation and feedback are present, the inclusion of other learning principles depends on the situation.

Closely related to role playing and apprenticeships is behaviour modeling, which has been described by two writers as follows:

- Modeling is one of the fundamental psychological processes by which new patterns of behaviour can be acquired, and existing patterns can be altered. The fundamental characteristic of modeling is that learning takes place, not through actual experience, but through observation or imagination of another individual's experience. Modeling is a "vicarious process," which implies sharing in the experience of another person through imagination or sympathetic participation.

3.2.3 Case Study

By studying a case situation, trainees learn about real or hypothetical circumstances and the actions others take under those circumstances. Besides learning from the content of the case, a person can develop decision-making skills. When cases are meaningful and similar to work-related situations, there is some transference. There also is the advantage of participation through discussion of the case. At Ogilvy & Mather International, a major advertising agency, new recruits are assigned to a specific account, which becomes a "live" case and is discussed at three lunchtime seminars each week. “Feedback and repetition, though, are usually lacking. Research indicates that this technique is most effective for developing problem-solving skills."

At least once a year, every one of the company's 40,000 couriers and customer service agents plugs into an interactive, PC-based program that tests their job knowledge. The computer-based exams, which contain 90 questions and take about two hours, pinpoint areas where workers need help and then prescribe remedial action. The computer keeps an electronic record of every employee's job skills, which manager’s review when they recommend promotions.

3.2.4 Action Learning

Action learning takes place in small groups that seek a solution to a real problem confronting the organisation, aided by a facilitator who is either an outside consultant or a member of the firm's in-house staff. The group's focus on the problem becomes a learning vehicle as the members explore solutions, drawing on the facilitator to provide guidance in group, problem-solving, and other problem-related matters. Training and development needs emerge and are often self-evident when the group is stumped technically or procedurally. At CE, one of the pioneers of action learning, senior executives work in teams on business problems identified by top management. Then, at the end of the training, they make a presentation to the CEO or other senior executives. Action learning focuses on learning new behaviours, while lectures and video presentations target knowledge and role playing and sensitivity training addresses feelings.

3.2.5 Development of Human Resources

The long-term development of human resources-as distinct from training for a specific job-is of growing concern to HR departments. Though the development of current employees, the department reduces the company's dependence on hiring new workers. If employees are developed properly, the job openings found through HR planning are more likely to be filled internally.

3.2.6 Steps in the Evaluation of Training and Development

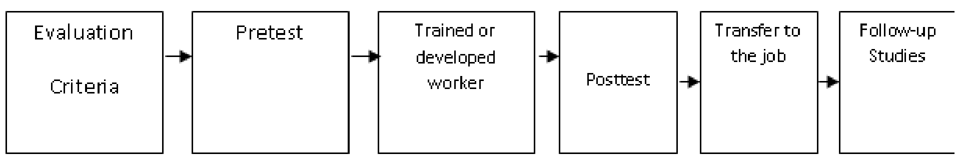

Fig. 3-1: Source: UOW Manual of Training, Evaluation and Development, CBC. Mississauga, 2008 p.112

3.2.7 Employee Obsolescence

Obsolescence results when an employee no longer possesses the knowledge or abilities needed to perform successfully. In fast-changing and highly technical fields such as engineering and medicine, obsolescence can occur quickly. Among managers, the change may take place more slowly and may be more difficult to determine. Other people in the organisation may not notice obsolescence until telltale signs such as inappropriate attitudes and poor performance become obvious. Obsolescence may result from a person's failure to adapt to new technology, new procedures, and other changes. The more rapidly the environment changes, the more likely it is that employees will become obsolete.

Some employers are reluctant to take strong action and fire obsolete employees, particularly employees who have been with the company a long time. Instead, such workers may be given jobs where their obsolescence does not matter as much or their skills are not as obsolete. For example, when top executives do not perform satisfactorily, they sometimes are "promoted" to vice chairperson of the board, where they may play an advisory role or attend ceremonial functions such as banquets for retiring employees. For lower-level workers, the solution is often additional development programs.

Avoiding obsolescence before it occurs is a major challenge for the HR department. By assessing the needs of employees and giving them programs to develop new skills, the department is using development programs proactively. If programs are designed reactively, after obsolescence occurs, they are likely to be less effective and more costly. Consider the situation faced by a regional airline.

3.3 International and Domestic Workforce Diversity

The trends toward global businesses and the diversity of the workforce is also a challenge to the HR department. For example, cultural attitudes about women in the workforce caused many companies to redesign their development programs and put women in jobs that had been largely held by men. The diversity of educational attainment among workers has led companies to provide increasing amounts of remedial education in reading, writing, arithmetic, and English as a foreign language. With the large number of non-English-speaking workers in some firms, training materials are sometimes adapted to a second or third language.

Proactive HR departments are expanding their programs to include diversity training. Here the concern is less with techniques-such as role playing or behaviour modeling, as discussed earlier-and more with creating sensitivity to diversity in the workplace. For example, a survey by a major U.S. based consulting firm found:

3.3.1 Technological Change

Rapid changes in technology require technically based firms to engage in nearly continuous development. Twenty years ago IBM was in the computer and office equipment business and AT&T was in the telephone business. Today technological changes have made AT&T and IBM major competitors in the information industry. Improvements in information handling and transmission technology have opened new markets for these two huge organisations. These changes are having a profound impact on training and development, increasing the need to assess the developmental requirements of current and future managers, professionals, and technical people

3.3.2 Development, EEO, and Affirmative Action

The Civil Rights Act prohibits discrimination with respect to the terms, conditions, or privileges of employment. As a result, training and development activities must be conducted in such a way that they do not discriminate against protected classes. When being admitted to or passing a training program is a condition of employment or promotion, for example, the HR department must be able to show that the training requirements are related to job success. If the training or development activities are not validated, the employer may be charged with violating the Act.

The training or development program itself may have a discriminatory impact if barriers to training are not related to subsequent job success. For example, women had significant difficulty passing the training for outside craft positions at AT&T subsidiaries. Part of the problem was that some of the training equipment had been designed for the larger feet of men, thus causing a disproportionate number of women and smaller men to fail the course. Another problem may occur when scores on parts of the training program are used for future placement decisions. Under these circumstances, the burden falls on the HR department to show that the scores are valid.

In Weber v. Kaiser Aluminum and Chemical Corporation, the U.S. Supreme Court recognised that affirmative action may require a disproportionately high number of minorities to be admitted to training programs. If this form of "reverse discrimination" is meant to achieve the goals of an affirmative action plan, the courts consider it legal.

3.3.3 Employee Turnover

Turnover-the willingness of employees to leave one organisation for another creates a special challenge for HR development. Because departures are largely unpredictable, development activities must prepare employees to succeed those who leave. Although research has shown that the leaders of very large industrial companies spend nearly all of their careers with one firm, the same research found that mobility is widespread among other managers.

HR development prepares individuals for future job responsibilities. At the same time, it attempts to contend with employee obsolescence, international and domestic workforce diversity, technological changes, affirmative action, and employee turnover.

SELF-ASSESSMENT EXERCISE

i. Why would most large organisations make available a broad array of educational opportunities?
ii. Is merely conducting needs assessment by trainers sufficient when training-even and careful analysis has been undertaken?

4.0 CONCLUSION

Sometimes an employer with excellent development programs finds that those programs contribute to employee turnover. Some companies are reluctant to invest time and money in workers who may then take their new skills to a new job at a higher-paying competitor. Training works best when all the companies in a particular industry, or all the employees in a particular communication, cooperate-a common practice in Japan but not exactly standard operating procedure in the U.S.

Ironically, the widely recognised development programmes of companies such as General Electric, Procter & Gamble, General Motors, and IBM cause some employee mobility. These programs produce such high-quality results that recruiters from other companies are attracted to the employees.

5.0 SUMMARY

After workers have been selected and oriented, they may still lack the skills, knowledge, and abilities needed to perform successfully. Most workers require some training to do their current jobs properly. If the organisation wishes to place these employees in more responsible positions in the future, developmental activities also have to take place. For most workers and trainers, individual learning sessions are a blend of training and development.

Most large organisations make available a broad array of educational opportunities. However trainers should conduct a needs assessment to determine if the training is truly needed and, if it is needed, what it should cover. Training and development, or learning, objectives result from the needs assessment. Trainers can plan the content of the course from these objectives and incorporate as many learning principles as is feasible.

Merely conducting training-even when a careful needs assessment has been undertaken-is insufficient. Experienced trainers try to evaluate the impact of training and development activities. Often this involves pre-test and post-test and even follow-up studies to see if the learning was transferred to the job.

6.0 TUTOR-MARKED ASSIGNMENT

i. What do you understand by training and development in an organisation?
ii. Why is a technology- enabled training and development more crucial to an organisation, in the 21st century Nigeria ?
iii. What is need assessment?
iv. Why and how do you go about conducting Need Assessment for your organisation?

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UNIT 4 QUALITY OF WORK LIFE (QWL)

CONTENTS

1.0 INTRODUCTION

In this unit, unlike the foregoing unit, we will study the relevance and significance of quality of Work life in globalised firms and effect of global competition and its relentless influence in forcing organisations to continually upgrade their strategies and execution.

We shall take a close hard look on how proactive managers and HR departments contribute by finding new ways to improve productivity.

While some strategies rely heavily on new capital and technology, other approaches pursue improvements in employee relations practices.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- justify the efforts to improve the quality of work life (QWL) through better employee relations
- explain how managers and human resource departments affect QWL

- describe the HR department's role in organisational communications
- identify the trade-offs between the production- and QWL oriented concerns facing operating managers
- explain the reasoning behind progressive discipline
- discuss the differences between preventive discipline and corrective discipline.

3.0 MAIN CONTENT

3.1 Quality of Work Life (QWL)

HR efforts to improve productivity through changes in employee relations rely on "brains and wit" not capital outlays. Ford's success had come from tapping the ideas and enthusiasm of its employees by providing them with a good quality of work life (QWL).

QWL means having good supervision, good working conditions, good pay and benefits, and an interesting, challenging and rewarding job.

High QWL is sought through an employee relations philosophy that encourages the use of QWL efforts *which are systematic attempts by an organization to give workers greater opportunities to affect their jobs and their contributions to the organization's overall effectiveness.*
That is, *proactive managers and HR departments find ways to empower employees so that they draw on their "brains and wits," usually by getting the employees more involved in the decision-making process.*

Employee Relations and Assessment

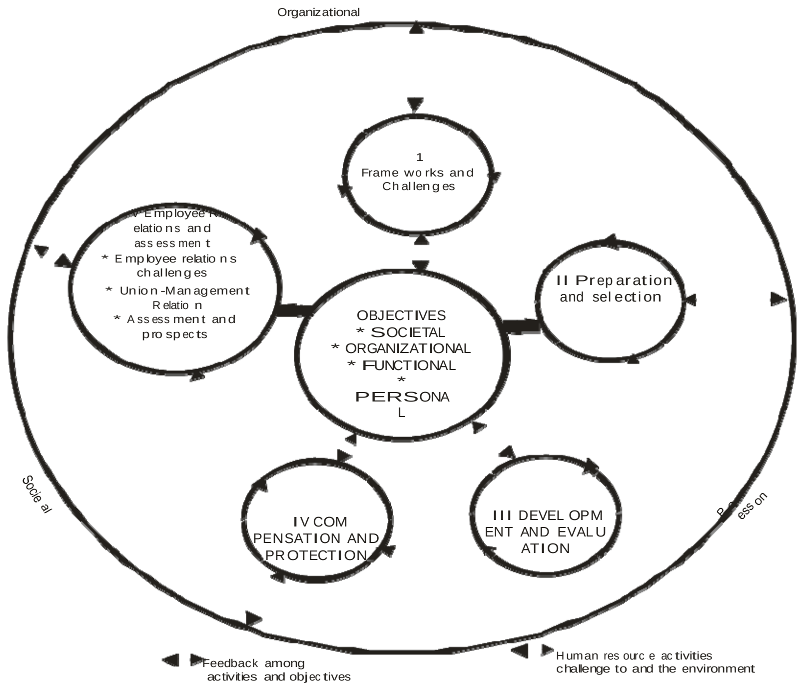

Fig.4.1: **Union Management Relations, Assessment and Prospects**

Source: HR HITAL Employee Relations and Assessment, Ontario. 2008. P.57.

By creating a productive and satisfying work environment through effective employee relations, a proactive HR department contributes to the organisation's success. Employee relations practices that meet organisational objectives and employee needs result in a high quality of work life. When unions are present, employee relations efforts face new challenges from laws, labour agreements, and past practices. The HR department also must search for new ways to help the firm and its people. One way is through an audit of its activities; another way is to help the firm and its people anticipate future challenges. By doing this in an ethical manner, the HR department helps the firm meet its employee and social responsibilities.

Although HR departments conduct organisation wide activities to facilitate good employee relations, your success as a manager depends on effective employee relations among those you lead. As a manager or HR professional, you will find that audits give feedback on how you perform, affecting the way you manage in the future.

Carl Carter opined that worker satisfaction and organisation effectiveness are key responsibilities of the human resources function. The move toward a global work force takes many forms and consists of far more than a stamped to back wage flow-wage countries.

3.1.1 The Role of the Human Resource Department

The HR department's role in employee relations efforts varies widely. In some organisations, such as TRW, BankAmerica, Control Data, and NASA, top management appoints an executive to ensure that QWL and productivity efforts occur throughout the organisation. These executives usually have a small staff and must rely on the HR department and operating managers for employee training, communications, attitude survey feedback, and similar assistance. In most organisations, the HR department is responsible for initiating and directing the firm's employee relations efforts aimed at enhancing QWL and its productivity efforts. The HR department's attempt to improve employee relations means that it must earn management support and address issues of employee motivation and job satisfaction. Without the support of managers throughout the organisation, however, these efforts almost always fail. Management support is essential.

3.1.2 Management Support

Management support-particularly top-management support-appears to be an almost universal prerequisite for any employee relations effort that seeks to improve employee QWL or productivity. By substantiating employee satisfaction and bottom-line benefits ranging from lower absenteeism and turnover to higher productivity and fewer accidents, the HR department can help convince doubting managers. Sometimes documentation of performance before and after a QWL effort helps establish the business benefits of a new approach to employee relations. Ohio Bell, for example, achieved better sales from its phone installers, a reduction in lost inventory, fewer strikes, better employee attitudes, and improved productivity as a result of employee relations efforts aimed at improving QWL for its workers. Without documentation of these results, top management might not have continued its strong support.

3.1.3 Individual Motivation and Job Satisfaction

The HR department also has both a direct and an indirect influence on employee motivation and satisfaction. The HR department makes direct contact with employees and supervisors through orientation, training and development, career planning, and counseling activities. At the same time, these activities may help a supervisor do a better job of motivating employees.

The policies and practices of the HR department also influence motivation and satisfaction indirectly. Rigorously enforced safety and health programs can give employees and supervisors a greater sense of safety from accidents and industrial health hazards. Compensation policies may motivate and satisfy employees through incentive plans or may harm motivation and satisfaction through insufficient raises or salary freezes. The motivation and satisfaction of employees act as feedback on the organisation's QWL and the HR department's day-to-day employee relations activities.

Motivation is a complex subject. It involves the unique feelings, thoughts, and past experiences of each of us as we share a variety of relationships within and outside organisations. To expect a single motivational approach to work in every situation is probably unrealistic. In fact, theorists and researchers take different points of view about motivation. Nevertheless, motivation can be defined as a person's drive to take an action because that person wants to do so. People act because they feel that they have to. However, if they are motivated, they make a positive choice to do something because, for example, it may satisfy some of their needs.

3.1.4 Job Satisfaction

Job Satisfaction is the favorableness or un-favourableness with which employees view their work. As with motivation it is usually affected by the environment itself. The job itself affects satisfaction through its design, as discussed in this unit. Jobs that are rich in behavioral elements such as autonomy, variety, task identity, task insignificance, and feedback contribute to an employee's satisfaction. Orientation was emphasised in this unit because the employee's acceptance by the work group is important to satisfaction. In a nut shell, each element of the environmental system can add to or detract from job satisfaction.

Whether satisfaction is going to be improved depends on whether the rewards match the expectations, needs, and desires of the employee, as shown at the bottom of the figure. If better performance leads to higher rewards and if those rewards are seen as fair and equitable, it leads to improved satisfaction. Conversely, inadequate rewards can lead to dissatisfaction. In either case, satisfaction becomes feedback that affects one's self-image and motivation to perform. The total performance-satisfaction relationship is a continuous system, making it difficult to assess the impact of satisfaction on motivation or performance and vice versa.
Managers and HR departments meet the challenge of higher productivity and QWL through a variety of efforts to empower employees. Then the discussion focuses on three important practices that help mold the

unique character of an organisation's employee relations: communications, counseling, and discipline.

3.2 QWL through Employee Involvement

One of the most common methods used to improve QWL is employee involvement. Employee involvement (El) consists of a variety of systematic methods that empower employees to participate in decisions that affect them and their relationship with their work, job, and organisation. Through El, employees feel a sense of responsibility for and even "ownership" of decisions in which they have participated. To be successful, however, EI must be more than a systematic approach; it must become part of the organisation's culture by being part of the firm's philosophy of management." Some companies have had this philosophy ingrained in their corporate structure for decades; Hewlett-Packard is an example. Other companies, such as USX, General Motors, and Ford, are trying to improve employee relations and create a high-QWL corporate culture through employee empowerment approaches. Consider, for example, Ford's Sharonville operation.

Efforts like these at Ford-and similar ones at Du Pont, IBM, AT&T, Westinghouse, Motorola, Texas Instruments, Citibank, TRW, NASA, Reynolds Metals, and many others indicate that interest in improving QWL is no accident. It parallels, and some might say reflects, growing international competitive forces and growing workforce diversity. In Europe this trend is often labeled industrial democracy.

The implications for managers and HR specialists are to create an organisational culture that truly treats people as though they were experts at their jobs and empowers them to use that expertise. When management does this, a Pygmalion effect may result; this occurs when people live up to the high expectations others have of them. If management further assumes that people want to contribute and seeks ways to tap that contribution, better decisions, improved productivity, and a higher QWL are likely.

A caution is in order: The federal government does not allow the use of employee involvement to undermine or avoid dealing with unions. If it is ruled by the courts or the National Labour Relations Board that E1 is being used to control or avoid dealing with unions, the employer can be found guilty of violating the nation's labour relations laws. Moreover, these prohibitions involving employee groups or teams apply whether the company is unionised (as happened to E. 1. Du Pont de Nemours & Company) or non-unionised (as happened to the Electro-magnation Company). As with many other aspects of HR management, guidance from legal counsel is needed before a firm creates work groups or teams that might appear to be substitutes for unions.

3.2.1 QWL and Empowerment Interventions

The economics dominance of the united State during the post-world War II period created little need for evolutionary change in the way people were manage, however, in Europe and Japan, national economic survival during the late 1940s and early 1950s meant that new, innovative HR methods were needed.

Some of these innovations began in legislative halls, while other developments started on the shop floor. Most of these approaches were based on sound behavioural and sociological research, much of which had been initially conducted in the United States and Canada but was applied first in Japan and northern Europe. During subsequent decades these EI approaches Lo OWL were modified and in many cases "imported" back into North America.

A wide variety of companies have undertaken interventions to empower employees and improve OWL." Examples include Ford's Sharonville plant and Motorola's *Participative Management Program.*

Boeing uses a single-focus task force approach called "tiger teams which are assembled to solve production-delaying problems that the supervisor and employees cannot overcome. Various approaches to team building share a common underlying philosophy: Groups of people usually are better at solving problems than an individual is”. Even though the "purpose" of these approaches may be to find a solution, a by-product is improved OWL

3.2.2 Quality Circles

Quality circles are small groups of employees who meet regularly with a common leader to identify and solve work-related problems. They are a highly specific form of team building that is common in Japan and that gained popularity in North America in the late 1970s and early 1980s.

Several characteristics make this approach unique. First, membership in the circle is voluntary for both the leader (usually the supervisor) and the members (usually hourly workers).

Second, the creation of quality circles is usually preceded by in-house training. For supervisors these sessions typically last for two or three days. Most of the time is devoted to discussions of small-group dynamics, leadership kills, and indoctrination in the OWL and quality circle philosophies. About a day is spent on the different approaches to problem solving.

Employees are usually given one day of intensive training in problem-solving techniques. The workers also receive an explanation of the supervisor's role as the group's discussion leader and information about the quality circle concept. Third, as is pointed out during the training, the group is permitted to select the problems it wants to tackle.

Management may suggest problems of concern, but the group can decide which ones to focus on. Ideally, the selection is not done by democratic vote but arrived at by consensus, in which everyone agrees on the problem to be tackled. (If management has pressing problems that need to be solved, these problems can be handled in the same way they were treated before the introduction of quality circles.)

At Solar Turbines International (a Caterpillar Tractor Company sub-sidiary) employees were frustrated by the lack of power hand tools.

The employees did not select this problem to save management money; they did it because of the inconvenience insufficient tools caused them. The fact that the solution saved more than a dozen times what it cost was the type of by-product many companies report from successful quality circle efforts.

When employees are allowed to select the problems they want to work on, they are likely to be more motivated to find a solution. They are also more likely to be motivated to stay on as members of the circle and solve additional problems in the future.

This concept is based squarely on behavioural research conducted in U.S. factories and universities, beginning with Western Electric and the famous Hawthorne experiments of the 1930s. By the 1980s most medium- and largesized-Japanese firms had quality control circles for hourly employees. This effort began as a quality improvement program but has since become a routine procedure for many Japanese managers and a cornerstone of QWL efforts in many Japanese firms.

3.2.3 Socio-technical Systems

Another intervention to improve QWL is the use of socio-technical systems. 50cioleclmical systems are interventions in the work situation that restructure the work, the work groups, and the relationship between workers and the technologies they use to do their jobs. More than just enlarging or enriching a job, these approaches may result in radical changes in the work environment.

At a Siemens plant in Karlsruhe, Germany, workers assembling electronics products used to perform simple tasks over and over, spending less than one minute on each unit as it moved along a conveyor belt. Today many employees work in teams of three to seven at well designed "work islands," where they can avoid boredom by rotating jobs, socialising, and using job cycles of up to twenty minutes rather than a few seconds.

This re-arrangement of social and technical relationships on the job offers workers an opportunity for a better QWL. Efforts to "humanise" the workplace seem to be most advanced in Germany, where the government funds 50 percent of selected work restructuring and retraining efforts in private industry. Shell Canada Ltd. and Procter & Gamble provide North American examples.

Germany also has done considerable work in the area of ergonomics.

Ergonomics *is the study of the biotechnical relationships between the physical attributes of workers and the physical demands of the job. The objective is to reduce physical and mental strain in order to increase productivity and improve QWL.* The Germans have made considerable strides in reducing the strain of lifting, bending, and reaching through their ergonomic approach to structuring jobs, arranging equipment, and improving lighting.

Raising or lowering work surfaces slightly, shifting handles to more convenient locations, and tilting a parts bin can all reduce worker strain. Those were the initial findings of a four-year, $2.5 million project of Ford Motor Company and the University of Michigan's Center for Ergonomics, which studies the physical relationship between workers and machines. Ford claims that quality and productivity are up at plants where ergonomic changes were made. Workers also report feeling better on the job. The program is "an everybody-win-win situation."" And with the growing concern about repetitive stress injuries, ergonomics offers a productivity- and QWL-enhancing solution.

3.2.4 Codetermination

One of the early attempts at achieving industrial democracy on a broad scale occurred in Germany under the name codetermination. Through formal sessions with company management, *codetermination allows workers' representatives to discuss and vote on key decisions that affect the workers. This form of industrial democracy has spread throughout most of the European Union. As a result, decisions to close plants or layoff large numbers of employees meet with far more formal resistance* *in Europe than they do in North America and Southern Africa and Sub-Saharan Africa.*

On the plus side, European firms are forced to plan their HR needs more carefully and seek export markets to offset national economic cycles. Since major North American corporations operate in Europe under codetermination, HR management in multinational corporations is affected. For international HR experts, codetermination is a consideration in the design of overseas jobs. In North America, the first steps toward codetermination may have begun in the 1980s when Chrysler Corporation appointed the president of the United Automobile Workers to its board of directors.

3.2.5 Autonomous Work Groups

Autonomous work groups are teams of workers, without a formal company appointed leader, who decide among themselves most decisions traditionally handled by supervisors. The key feature of autonomous work groups is a high degree of empowerment of employees in the management of their day-today work. Typically this includes collective control over the pace of work, distribution of tasks, and organisation of breaks, along with collective participation in the recruitment and training of new members. Often direct supervision is unnecessary.

A Summary of Gaines and Volvo Experiences with Autonomous Work Groups GAINES PET FOOD

At the Gaines Pet Food plant in Topeka, Kansas, jobs were radically changed. No longer are workers assigned specific tasks in traditional jobs. Instead, teams of workers are held responsible for a group of tasks that previously constituted several separate jobs. For example, the work group is held responsible for packing and storing the completed products instead of each worker having a narrow job that includes only a few tasks in the packaging and storing operations. Employees are assigned to a work group, not a job. They are free to participate in group decision-making processes. Members develop work schedules, interview new employees, perform quality control checks, maintain machinery, and perform other diverse activities. The work-group enrichment led to reduced overhead, higher productivity, better product quality, and lower turnover and absenteeism. And labour costs are 7 % lower than those at a sister plant in Kankakee, Illinois.

3.2.6 A Case Study of “Volvo's Kalmar Plant Example” Of QWL Concept of Work Team

Volvo, the Swedish automobile manufacturer, sought to design a more humane car production environment. It built the Kalmar plant around the concept of work teams rather than the traditional assembly line. Again, workers are assigned to teams, not jobs. Teams build subsystems of the car: doors, cooling systems, engines, and other key components. Buffer stocks of partially completed cars reduce the dependence of one group on another. The physical work environment is as quiet as the latest technology permits.

Volvo claims higher satisfaction levels among employees because of the design changes, and production costs are 25 percent lower than those at Volvo's conventional plants. On the basis of the Kalmar experience, the company is building a new plant at Uddevalla.

Two early classic experiments with autonomous work groups occurred at the Gaines Pet Food plant in Topeka, Kansas, and the Volvo plant in Kalmar, Sweden (these experiments are summarised). Similar innovations intended to increase employee commitment have been undertaken by Cummins Engine in Jamestown, New York; Procter & Gamble in Lima, Ohio; and General Motors plants in Mississippi, Michigan, and New York. Improving the QWL may mean completely redesigning factories and workplaces, as Volvo and Gaines have done to satisfy the efficiency, environmental, and behavioural requirements of jobs.

SELF-ASSESSMENT EXERCISE

i. If better performance leads to higher rewards and if those rewards are seen as fair and equitable, does that improve satisfaction results? Briefly discuss the impact on QWL in this perspective.
ii. What are three important practices that help mould the unique characters of an organisation's employee relations?

4.0 CONCLUSION

A basic issue is whether satisfaction leads to better performance or whether better performance leads to satisfaction. Which comes first? The reason for the apparently uncertain relationship between performance and satisfaction is that rewards intervene. Whether satisfaction is going to be improved depends on whether the rewards match the expectations, needs, and desires of the employee. If better performance leads to higher rewards and if those rewards are seen as fair and equitable, it results in improved satisfaction. Conversely, inadequate rewards can lead to dissatisfaction. In either case, satisfaction becomes feedback that affects one's self-image and motivation to perform. The total performance-satisfaction relationship is a continuous system, making it difficult to assess the impact of satisfaction on motivation or performance and vice versa.

This unit describes how managers and HR departments meet the challenge of higher productivity and QWL through a variety of efforts to empower employees. Then the discussion focuses on three important practices that help mold the unique character of an organisation's employee relations: communications, counseling, and discipline.

5.0 SUMMARY

QWL is more likely to improve as workers demand jobs with more behavioural elements. These demands will probably emerge from an increasingly diverse and educated workforce that expects more challenges and more autonomy in its jobs, such as worker participation in decisions traditionally reserved for management. Through codetermination, this trend in Europe has lasted more than thirty years and is still growing in popularity. And experiments by Gaines, Volvo, TRW, and other employers indicate that these new arrangements are economically feasible.

6.0 TUTOR-MARKED ASSIGNMENT

i. Explain what you understand by Quality of Work-Life (QWL) and its significance to personnel department and in achieving organisational effectiveness?
ii. What is the relationship between QWL and or better performance that leads to satisfaction in any organisation of your choice, that you may be very familiar with or having visited within your state?
iii. Identify three methods of interventions that could be used in improving quality of work life (QWL) of employees?

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UNIT 5 EMPLOYEE RELATIONS PRACTICES

CONTENTS

1.0 INTRODUCTION

In this unit, it is unlike previous units in which we studied, Quality of Work-life (QWL) and motivational driven performances in an organisation.

However, in this unit, our focus will be placed on Employee relations activities that are shared with supervisors because of the growing complexity of organisations, laws, and union-management relations. Earlier in this century, for example, supervisors were solely responsible for employee relations practices and hiring, which led to unethical practices such as favouritism and kickbacks. Today, with the need for uniform, legal, and corporate-HR and employee nationwide approaches, HR specialists are given a considerable degree of responsibility for employee relations. The result is a dual responsibility between the HR department and supervisors.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe what employee relationship meant and its importance to firms
- identify how insufficient information may cause stress and dissatisfaction amongst workers
- define downward communication with example showing how HR departments operate extensive communication systems to keep people informed
- explain types of Grapevine Feedback to the Human Resource Department and incorrect feedback that provides evidence of breakdowns in communication
- discuss the meaning and relevance of progressive discipline system and types in an organisation
- understand how to quantify systematic attitude survey and its importance to employees and employers and key counseling features and its significance to employees.

3.0 MAIN CONTENT

3.1 Employee Relations Practices

Virtually everything the manager and the HR department do affects employee relations directly or indirectly. Many activities are largely unnoticed by employees, including recruitment, selection, and benefits administration. Other activities affect employees only periodically, such as performance and salary review sessions. However, managers and HR departments directly affect employee relations through communications, counseling, and disciplinary practices.

Of course, supervisors remain responsible for communicating task-related requirements and for counseling and disciplining their employees within the guidelines established by the department. But when serious problems are uncovered in counseling or a major disciplinary action is planned, HR specialists are commonly involved to ensure fairness and uniformity of treatment.

3.1.1 Employee Communication

Information about the organisation, its environment, its products and services, and its people is essential to management and workers. Information is the engine that drives organisations. Without information, managers cannot make effective decisions about markets or resources, particularly human resources. Similarly, insufficient information may cause stress and dissatisfaction among workers. This universal need for information is met through an organisation's communication system. Communication systems provide formal and informal methods for moving information through an organisation so that appropriate decisions can be made. Consider the example of IBM.

IBM has long excelled in the management of its human resources. Long ago, top management realised that the company's future success rested with the people who developed its technology and sold its products. To tie its various employee relations activities together and facilitate motivation and satisfaction, IBM relies heavily on communication. Some of its approaches include extensive career planning information and assistance, attitude surveys, suggestion systems, open-door policies, daily newspapers at some sites, and bulletins issued nearly every day on educational opportunities and promotions.

Beyond these formal methods, informal communication occurs. For example, "management by walking around" is known at IBM as "trolling for open doors." IBM has an open-door policy by which employees are free to walk into any manager's office with their problems. However, IBM management realised that most workers are reluctant to take problems to their boss's boss. Therefore, HR specialists and line managers leave their offices and go out among the employees to learn what problems exist. As one IBM executive explained, "The only open-door policy that works is one where the manager gets up from the desk and goes through the door to talk to employees."

Most organisations use a blend of formal, systematically designed communication efforts and informal, ad hoc arrangements. For convenience, most of these approaches can be divided into downward communication systems, which exist to get information to employees, and upward communication systems, which exist to get information from employees.

3.1.2 Downward Communication Systems

HR departments operate extensive communication systems to keep people informed. They try to facilitate an open, two-way flow of information, although most messages are of the top-down variety. Downward communication is information that begins at some point in the organisation and cascades down the organisational hierarchy to inform or influence others. Top-down methods are necessary to execute decisions and give employees knowledge about the organisation and feedback on how their efforts are perceived. For example, experts recommend that companies develop and communicate policies about dealing with discrimination, sexual harassment, disabled workers, and AIDS.

Organisations use a variety of downward communications because the diversity of multiple channels is more likely to overcome barriers and reach the intended receivers. Common examples of downward communication include house organs (such as company newspapers), information booklets, employee bulletin boards, prerecorded messages, and jobholder reports and meetings, which inform employees about company developments.

IBM's Boulder, Colorado, facility publishes a daily paper called *Boulder Today*, plus almost daily fliers about promotions and educational opportunities. In addition, the Information Systems Division at the Boulder site prints its own newspaper every two months. These local house organs are supplemented by other divisional and corporate publications that try to keep IBM employees in Boulder informed. Similar house organs are published at other IBM facilities around the world.

At Chevron Corporation, more than sixty newsletters called "bluetops" were produced during the year after its merger with Gulf Corporation, which at the time was the largest corporate merger in history. In addition, twenty-minute videos, recorded phone updates, seminars, and "town hall" meetings with Chevron's leader, George Keller, were used.

Grapevine communication is an informal system that arises spontaneously from the social interaction of people in the organsation. It is the people-to-people system that arises naturally from the human desire to make friends and share ideas.

3.1.3 Types of Grapevine Feedback to the Human Resource Department

a. Information about the problems and anxieties of employees.
b. Incorrect feedback that provides evidence of breakdowns in communication.
c. Insights into goals and motivation of employees.
d. Identification of job problems that have high emotional content, because intense feelings encourage grapevine communication.
e. Information about the quality of labour relations, including grievance settlements.
f. Information about the quality of supervision; complaints about supervision often are brought informally to the attention of personnel specialists with the hope that they will do something.
g. Information about areas of job dissatisfaction.
h. Feedback about acceptance of new policies and procedures.

3.1.4 Suggestion Systems

Suggestion systems are a formal method for generating, evaluating, and implementing employees' ideas. This unit shows the key steps in a successful suggestion system. It begins with the employee's idea and a discussion with the supervisor. Once the suggestion form is completed, the supervisor reviews and signs it, indicating awareness of the suggestion but not necessarily approval. The suggestion system office or committee receives the idea and sends an acknowledgment to the employee through company mail. The idea is then evaluated, and the decision is communicated to the employee. If it is a good idea, implementation follows, with the employee receiving recognition and usually an award that is typically equal to ten percent of the first year's savings.

Success is likely if management provides prompt and fair evaluations, supervisors are trained to encourage employees to make suggestions, and top management actively supports the program. Unfortunately, evaluations often take months to process or supervisors see suggestions as too much work for them with few personal benefits. As a result, many company suggestion plans exist on paper but are not effective.

3.2 Attitude Surveys

Attitude surveys are systematic methods of determining what employees think about the organisation. These surveys may be conducted through face-to-face interviews but are usually done through anonymous questionnaires. An attitude survey typically seeks to learn what employees think about working conditions, supervision, and HR policies. Questions about new programs or special concerns of management may also be included. The resulting information can be used to evaluate specific concerns, such as how individual managers are perceived by their employees.

Attitude surveys can be a frustrating experience when employees do not see any results. Therefore, a summary of upward communication should be provided to employees to learn their reactions. When this feedback loop is closed, the overall process is called attitude survey feedback. However, feedback is not enough. Action is needed. Employees need to see that the survey resulted in the resolution of problems. Feedback from the results and actions on the problem areas make attitude survey feedback a powerful communication tool that can positively affect employee relations and employees' attitudes toward QWL. However, providing feedback in a constructive manner may require considerable assistance from the HR department, especially for first-level supervisors who have little experience in running meetings and listening to employees' criticisms.

In the Bendix Automotive Division of Allied-Signal, supervisors are given a workbook to help analyse the survey. Trained internal facilitators assist the supervisors in interpreting these results. Then the facilitators conduct role-playing exercise with the supervisors to prepare them for the questions employees are likely to ask.

After the role playing, the supervisor meets with the employees and presents the results. Then problems are identified and solutions are sought. From this meeting a prioritised list is drawn up with completion dates indicated for each action item. The company's approach to attitude survey feedback not only gives employees an explanation of what the results showed but develops an action plan to resolve the problems that emerged from the process.

3.2.1 Employee Counseling

Counseling is a discussion of a problem with an employee that is intended to help the worker resolve or cope with the problem. Stress and personal problems are likely to affect both performance and an employee's general life adjustment; therefore, it is in the best interests of all concerned (employer, employee, and community) to help the employee return to full effectiveness. Counseling is a useful tool for accomplishing this goal. The success rate from counseling programs often is substantial, as at Kimberly-Clark.

Kimberly-Clark, a paper and forest products firm compared the records of participants for one year before and one year after their involvement in its program. These workers had a 43 percent reduction in absences and a seventy percent reduction in accidents.

Counseling programs usually are administered by the HR department, which uses various combinations of in-house and external counseling services. Many companies use a blend of internal and external resources to create an employee assistance program (EAP), which often proves particularly helpful to managers and employees in dealing with sensitive and difficult problems such as AIDS, drug addiction, and family problems.

Counseling is strictly a confidential relationship, and records of it should be restricted to persons directly involved in solving the counseling problem. These practices are necessary to protect employee privacy and protect the employer from possible lawsuits for invasion of privacy or slander. The policy of some firms is to refer all marital and family counseling to community agencies. These companies believe that for reasons of employee privacy, they should not be involved in these problems. Employers also must be certain that their counseling programs comply with EEO regulations by providing equal counseling services to all protected employee groups. When counseling an employee does not resolve performance-related issues, discipline may be the next step.

3.2.2 Discipline

Discipline does not always work. Sometimes the employee's behavior is inappropriately disruptive or performance is unacceptable. Under these circumstances, discipline is needed. *Discipline is management action that encourages compliance with organisational standards. There are two types of discipline: preventive and corrective.*

Preventive discipline is action taken to encourage employees to follow standards and rules so that infractions are prevented. The basic objective is to encourage self-discipline, and the HR department plays an important role. It develops programs to control absences and grievances, communicates standards to employees and encourages workers to follow them, and encourages employee to work. Sometimes the employee's behaviour is inappropriately disruptive or performance is unacceptable. Under these circumstances, discipline is needed. Discipline is management action that encourages compliance with organisational standards. There are two types of discipline: preventive and corrective.

3.2.3 Preventive discipline

Is action taken to encourage employees to follow standards and rules so that infractions are prevented? The basic objective is to encourage self-discipline, and the HR department plays an important role. It develops programs to control absences and grievances, communicates standards to employees and encourages workers to follow them, and encourages employee participation in setting standards, since workers give greater support to rules they have helped create. Employees also give more support to standards that are stated positively instead of negatively, such as "Safety first!" rather than "Don't be careless!" Effective discipline is a system relationship, and so the HR department needs to be concerned with all parts of this system.

3.2.4 Corrective discipline

Is an action that follows a rule infraction. It seeks to discourage further infraction and ensure future compliance with standards. Typically the corrective or disciplinary action is a penalty, such as a warning or suspension without pay. These actions are usually initiated by an employee's immediate supervisor but may require approval by a higher-level manager or the HR department, especially when the worker is a union member. Approvals exist to guard against subsequent labour union or legal actions and to assure uniform application of rules throughout the organisation. Any appeals then go to higher levels in the company and in the union hierarchy. At Motorola, for example, a senior vice president must approve the discharge of anyone who has worked for the company for ten years.

Most employers apply a policy of progressive discipline, which means that there are stronger penalties for repeated offenses. The purpose is to give an employee an opportunity to take corrective action before more serious penalties are applied.

A typical progressive discipline system and more detailed examples can be found in most labour union contracts. The first infraction leads to a verbal reprimand by the supervisor. The next infraction leads to a written reprimand, with a record placed in the files. Further infractions build up to stronger discipline, leading finally to discharge. Usually the HR department is involved in step 3 or an earlier step to ensure that company policy is followed consistently in all departments. In severe cases, such as fighting, drug use, and stealing, discipline may not be progressive at all: The employee may be fired for the first offense.

Due process for discipline is required by courts of law, arbitrators, and labor unions, especially in areas where employee handbooks, labour agreements, or even verbal promises apply. Due process means that established rules and procedures for disciplinary action are followed and employees have an opportunity to respond to the charges made against them. Compliance with due process rules and procedures usually falls to the HR department.

3.2.5 A Progressive Discipline System

This involves the following:

- verbal reprimand by supervisor
- written reprimand, with a record in personnel file
- one-to three-day suspension from work
- suspension for one week or longer
- discharge for cause .

If challenged on the justification for the discipline or on whether the discipline was handled fairly, the department must have sufficient documentation to support its decisions for all disciplinary actions. Even in employment-at-will states (discussed earlier), proper documentation should be specific, beginning with the date, time, and location of an incident. Specific rules and regulations that relate to the incident should also be identified. The documentation should state what the manager said to the employee and how the employee responded, including specific words and acts. All documentation must be recorded promptly while the supervisor's memory is still fresh. It should be objective, complete, precise, and accurate and should be based on observations, not impressions. If there were witnesses, they should be identified.

Failure to follow due process and establish just cause for dismissal or another punishment through careful documentation can lead to unjust-dismissal suits, which courts are increasingly willing to entertain." Moreover, if the person disciplined is a member of a protected class under the EEG laws (discussed earlier), the discipline may become grounds for an EEG complaint.

Emerging Employee Relations Challenges

The growing diversity of the workforce and the increased globalisation of many companies present unique employee relations challenges to HR departments. Departmental policies and practices-even those based on experience and sound research-may have to be modified or even discarded in dealing with different groups. Domestic goals of equal opportunity may conflict with laws or cultures in other countries. For example, separation of women from men or members of different ethnic or tribal groups may be a practical and even legal necessity in many developing nations. Domestically and internationally, employee relations may be strained by perceptions of discrimination and "reverse discrimination," which may occur when job assignments, promotions, or rewards favor one group over another. This problem is not limited to North America. Arabs resent being replaced by immigrants from Israel, and many British and French workers resent seeing jobs go to immigrants from former colonies. Moreover, as borders within the European Union present fewer barriers to immigration, resentments are likely to grow throughout Europe, especially in the more industrially advanced nations.

Employee relations specialists will also face growing challenges from employee ‘concerns about AIDS-infected coworkers," exposure to hazardous materials," eyestrain and radiation exposure from work with video display terminals, smoking and air quality at work," and issues of privacy as computers are increasingly used to measure employee productivity." All these challenges can be expected to grow in importance during the remainder of the 1990s. Perhaps even more disturbing, simple answers to these complex workplace issues involve trade-offs that are likely to be unsatisfactory to at least some employees. Communications, counseling, and even discipline may be needed to ensure a work environment that balances employee relations concerns with pressing competitive pressures for productivity and quality performance. Failure of HR practices in general and employee relations in particular can lead to unionisation.

SELF-ASSESSMENT EXERCISE

i. Define discipline in an organisation?
ii. What do you understand by preventive discipline and what is its objective?
iii. What important role does HR plays here?

4.0 CONCLUSION

Quality of work life efforts are systematic attempts by organisations to give workers a greater opportunity to affect the way they do their jobs and the contributions they make to the organisation's overall effectiveness. These efforts are not a substitute for sound HR employee relations practices and policies. Effective employee relations can supplement other departmental actions and provide improved QWL, employee motivation, satisfaction, and productivity. QWL is most commonly improved through involvement that empowers employees. Whether that involvement means solving workplace problems or merely participating in the design of one's job, it empowers people by making them feel that they make a difference.

5.0 SUMMARY

Many interventions exist that can further employee relations and improve employees' feelings about QWL. Team building and other QWL approaches must have top-management support and be adjusted to the organisation's needs and culture. One method is an import from Japan: quality circles, which rely on a small group of employees from the same work area who meet regularly with their supervisor to identify and solve workplace problems. Other forms of team building are similar to quality circles, although different groupings or objectives may be sought. Socio-technical systems seek to change the human and technical relationship that exists in the workplace. Codetermination gives workers a formal voice in management decisions. Although common in Europe, it is almost nonexistent in North America. Autonomous work groups consist of employees who collectively assume the supervisor's role of making decisions about work schedules, job assignments, and so forth.

In many ways, this entire course material has been about employee relations. How well the HR department handles human resource planning, staffing, placement, development, evaluation, compensation, and quality of work life largely determines the state of employee relations. A mistake in any of these areas can harm the employee-employer relationship. However, even when these activities are performed properly, solid employee relations demand careful and continuous attention to organisational communication, employee counseling, and discipline.

6.0 TUTOR-MARKED ASSIGNMENT

i. Outline two emerging employee relations challenges you read about in this unit and explain how they can be resolved?
ii. What domestic goals of equal opportunity may conflict with laws or cultures in other countries like Nigeria and Ghana?
iii. What is progressive discipline, identify and briefly elaborate on the five step progressive discipline procedures?

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MODULE 3

UNIT 1 MOTIVATION THEORIES

CONTENTS

1.0 INTRODUCTION

In this unit, we shall be studying motivation theories and to know how do needs motivate people and if there are other ways to motivate people and understand the broader picture.

Motivation is the process that accounts for an individual's intensity, direction, and persistence of effort toward reaching a goal. Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation. However, high intensity is unlikely to lead to good job performance unless the effort is channeled in a useful direction. Finally the effort requires persistence.

Motivation is the process that accounts for an individual's intensity, direction, and persistence of effort toward reaching a goal. Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation. However, high intensity is unlikely to lead to good job performance unless the effort is channelled in a useful direction. Finally the effort requires persistence. All needs theories of motivation, including Maslow's hierarchy of needs, Herzberg's motivation-hygiene theory (sometimes called the tow-factor theory), Alderfer' s ERG theory, and McClelland's theory of needs, propose similar ideas: individuals have needs that, when unsatisfied, will result in motivation. Needs theories suggest that motivation will be high to the degree that the rewards individuals receive for high performances satisfy their dominant needs?

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define motivation and all needs theories of motivation including Maslow's hierarchy needs
- explain the meaning of Herzberg's motivation-hygiene theory, Alderfer's ERG theory and its application
- understand and be able explain the importance of McClelland's theory of needs
- identify and differentiate expectancy theory from goal-setting theory and its application to management by objectives
- discuss the three key elements in our definition are intensity, direction, and persistence
- describe in details the role that reinforcement play in motivation
- know and explain what role that reinforcement play in motivation.

3.0 MAIN CONTENT

3.1 Definition of Motivation and Motivation Theories

We define motivation as the intensity, direction and persistence of effort a person shows in reaching a goal.

The three key elements in our definition are intensity, direction, and persistence. Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation.

However, high intensity is unlikely to lead to favourable job-performance outcomes unless the effort is channeled in a direction that is beneficial. Finally, the effort requires persistence. This is a measure of how long a person can maintain his or her effort. Motivated individuals stay with a task long enough to achieve their goal.

Many people incorrectly view motivation as a personal trait – something some people have and others don't. Along these lines, Douglas McGregor proposed two distinct views of human beings. Theory X, which is basically negative, suggests that employees like work, are creative, seek responsibility and will exercise self-direction and self-control if they are committed to the objectives.

Our knowledge of motivation tells us that neither theory alone fully accounts for employee behaviour. What we know is that motivation is the result of the nitration of the individual and the situation. Certainly, individuals differ in their basic motivational drive. But the same employee who is quickly bored when pulling the lever on a drill press may enthusiastically pull a slot machine lever in Casino Windsor for hours on end. You may read a thriller at a one sitting, yet find it difficult to concentrate on textbook for more than 20 minutes. It's not necessarily you – it's the situation. So we analyse the individuals within and without at different times.

You should also realise that what motivates individuals will also vary among individuals and situations. Motivation theorists talk about intrinsic motivators and extrinsic motivators. Extrinsic motivators come from outside the person and include such things internal desire to do something, due to such things as interest, challenge, and personal satisfaction. Individuals are intrinsically motivated when they genuinely care about their work, look for better ways to do it, and are energised and fulfilled by doing it well. The rewards the individual gets from intrinsic motivation come from the work itself rather than from external factors such as increases in pay or compliments from the boss.

Are individuals primarily intrinsically or extrinsically motivated? Theory X suggests that people are almost exclusively driven by extrinsic motivators. However, Theory Y suggests that people are more intrinsically motivated. This view is consistent with that of Alfie Kohn, author of Punished by Rewards, who suggests that it's only necessary to provide the right environment, and people will be motivated.

Intrinsic and extrinsic motivation may reflect the situation, however, rather than individual personalities. For example, suppose your mother has asked you or your brother to take her to a meeting an hour away. You may be willing to drive her, without any thought of compensation, because it will make you feel good to do something for her. That is intrinsic motivation. But it you have a love-hate relationship with you brother, you may insist that he buy you lunch for helping out. Lunch would then be an extrinsic motivator – something that came from outside you and motivated you to do the task, later in the chapter we review the evidence regarding the significance of extrinsic vs. intrinsic motivators, and also examine how to increase intrinsic motivation.

3.1.1 Needs Theories of Motivation

The main theories of motivation fall into one of two categories: needs theories and process theories.

Needs theories describe the types of needs that must be met in order to motivate individuals? Process theories (described later in the unit help us understand the actual ways in which we and others can be motivated. There are a variety of needs theories, including Maslow's hierarchy of needs, Herzberg motivation-hygiene theory (sometimes called the factor theory), Alderfer's ERG theory, and McClelland's theory of needs. We briefly review these to illustrate the basic properties of needs theories.

3.1.2 Maslow's Hierarchy of Need Theory

It is probably safe to say that the most well-known theory of motivation is Abraham Maslow's hierarchy of needs. Maslow hypothesized that within every human being there exists a hierarchy of five needs:

- Physiological- includes hunger, thirst, shelter, sex, and other bodily needs.
- Safety- this includes security and protection form physical and emotional harm.
- Esteem-it includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition and attention.
- Self-actualisation-includes growth, achieving one's potential, and self-fulfillment. This is the drive to become what one is capable of becoming.

As each of these needs becomes substantially satisfied, the next need becomes dominant. In terms of the fourth need, the individual moves up the steps of the hierarchy. From the perspective of motivation, the theory would say that although no need is ever fully met, a substantially satisfied need no longer motivates. So if you want to motivate someone, according to Maslow, you need to understand what level of the hierarchy that person is currently on and focus on satisfying those needs at or above the level.

Maslow separated the five needs into higher and lower orders. Physiological and safety needs were described as lower-order, and social esteem and self actualisation as higher-order needs. The differentiation between the two orders was made on the premise that higher-order needs are satisfied internally (within the person), whereas lower-order needs are mainly satisfied externally (by such things pay, union contracts, and tenure). In fact the natural conclusion to be drawn from Maslow's classification is that in times of economic plenty, almost all permanently employed workers have their lower-order needs substantially met.

Maslow's needs theory continues to receive wide recognition, particularly among practising managers. This can be attributed to the theory's intuitive logic and ease of understanding. Unfortunately, however, research does not generally validate the theory. Maslow himself provided no empirical evidence, and several studies that sought to validate the theory found little support for the prediction that need structures are organised along the dimensions proposed y Maslow, that unsatisfied needs motivate, or that a satisfied need activates movement to a new need level.

3.1.3 Motivation-Hygiene Theory

The motivation-hygiene theory was proposed by psychologist Frederick Herzberg. In the belief that an individual's relationship to work is a basic one and that an individual's attitude toward this work can very well determine the individual's success or failure, Herzberg investigated the question, "What do people want from their jobs?" He asked people to describe, in detail, situations when they felt exceptionally good and bad about their jobs. These responses were tabulated and categorised. Exhibit 4-2 illustrates factors affecting job attitudes, as reported in 12 investigations conducted by Herzberg.

From the categorised responses, Herzberg concluded that the replies people gave when they felt good about their jobs were significantly different from the replies given when they felt bad. As seen, certain characteristics tend to be consistently related to job satisfaction (factors on the right side of the figure), and others to job dissatisfaction (the left side of the figure). Intrinsic factors, such as achievement, recognition, the work itself, responsibility, advancement, and growth, seem to be related to job satisfaction. When those questioned felt good about their work, they tended to attribute these characteristics to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors, such as company policy and administration, supervision, interpersonal relations, and work conditions.

According to Herzberg, the data suggest that the opposite of satisfaction is not dissatisfaction, as was traditionally believed. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. As illustrated, Herzberg proposes that his findings indicates the existence of a dual continuum: the opposite of “satisfaction” is “No Satisfaction,” and the opposite of “Dissatisfaction “ is “No Dissatisfaction.”

Herzberg explained that factors leading to job satisfaction (motivators) are separate and distinct from those that lead to job dissatisfaction (hygiene factors). Therefore, managers who seek to eliminate factors that create job dissatisfaction can create more pleasant workplaces, but not necessarily more motivated ones. That is, they will be placating employees rather than motivating them. As a result such characteristics as company policy and administration, supervision, interpersonal relations, work conditions, and salary have been characterised by Herzberg as hygiene factors. When these factors are adequate, people will not be dissatisfied; however, neither will they be satisfied. If we want to motivate people in their jobs, Herxberg suggests emphasising achievement, recognition, the work itself, responsibility, and growth. These are the motivation factors that people find intrinsically rewarding or motivating. In this chapter’s Working with Others Exercise units, you will have an opportunity to discover what motivates both you and other with respects to one’s job.

*The motivation-hygiene theory i*s not without its critics, who suggest the following:

- The procedure that Herzberg used is limited by its methodology. When things are going well, people tend to take credit themselves. Contrarily, they blame failure on the external environment.
- The reliability of Herzberg’s methodology is questionable. Since rather had to make interpretations, it is possible that they contaminated the findings by interpreting one response in one manner while treating another similar response differently.
- Herzberg did not really produce a theory of motivation. Instead, the theory, to the degree that it is valid, provides an explanation of job satisfaction.
- No overall measure of satisfaction was used. In other words, individuals may dislike parts of their jobs, yet still think the jobs are acceptable.
- The theory is inconsistent with previous research. The motivation-hygiene theory ignores situational variables.
- Herzberg assumed that there is a relationship between satisfaction and productivity. But the research methodology he used looked

only as satisfaction, not at productivity. To make such research relevant, one must assume a high relationship between satisfaction and productivity.

- Regardless of these criticisms, Herzberg's theory has been widely read and few managers are unfamiliar with his recommendations. The popularity of vertically expanding jobs to allow employees greater responsibility in planning and controlling their work can probably be largely attributed to Herzberg's finding and recommendations.

3.1.4 ERG Theory

Clayton Alderfer has reworked Maslow's hierarchy of needs to align it more closely with the empirical research. His revised need hierarchy is called ERG theory.

Alderfer argues that there are three groups of core needs – existence, relatedness, and growth – hence, the name: ERG theory. The existence group is concerned with our basic material existence requirements. They include the items that Maslow considered to be physiological and safety needs. The relatedness group is concerned with our desire for maintaining important interpersonal relationships. These social and status desires require interaction with others it they are to be satisfied, and the external component of Maslow's social need and the external component of Maslow's esteem need. Finally, the growth group is concerned with our intrinsic desire for personal development. These include the intrinsic component of Maslow esteem need and the characteristics included under self-actualisation.

Aside from substituting three needs for five, how does Alderfer's ERG theory differ from Maslow's? In contrast to the hierarchy of needs theory, the ERG theory demonstrates that (1) more than one need may be working at the same time, and (2) if the gratification of a higher-level need is blocked, the desire to satisfy a lower-level need increases. ERG theory is more consistent with our knowledge of individual differences among people. Variable such as education, family background, and cultural environment can alter the importance or driving force that a group of needs holds for a particular person.

Several studies have supported ERG theory, but here is also evidence that it does not work in some organisations. Overall, however, ERG theory represents a more valid version of the need hierarchy.

3.1.5 McClellands's Theory of Needs

McClelland's theory of needs was developed by David McClelland and his associates to help explain motivation. The theory focuses on three needs: achievement, power, and affiliation. They are defined as follows:

- Need for achievement- which has to do with the drive to excel, to achieve in relation to a set of standards, and to strive to succeed.
- Need for power- the need to make others behave in a way that they would not have behaved otherwise.
- Need for affiliation- the desire for friendly and close interpersonal relationships.

Some people have compelling drive to succeed. They are striving for personal achievement rather than the rewards of success per se. They have a desire to do something better or more efficiently than it has been done before. This drive is the achievement need (nAch). From research into the achievement need, McClelland found that high achievers differentiate themselves from others by their desire to do things better. They seek situations in which they can attain personal responsibility for finding solutions to problems, in which they can receive rapid feedback on their performance so they can determine easily whether they are improving or not, and in which they can set moderately challenging goals. High achievers are not gamblers; they dislike succeeding by chance. They prefer the challenge of working at a problem and accepting the personal responsibility for success of failure rather than leaving the outcome t chance or the actions of others. Importantly, they avoid what they perceive to be very easy or very difficult tasks. They prefer tasks of intermediate difficulty.

The need for power (nPwo) is the desire to have impact, to be influential, and to control others. Individuals high in nPow enjoy being "in charge" strive for influence over others, prefer to be placed into competitive and statue-oriented situations, and tend to be more concerned with prestige and gaining influence over others than with effective performance.

The third need isolated by McClelland is affiliation (nAff). This need has received the least attention from researchers. Individual with a high affiliation motive strive for friendship, prefer cooperative situation rather than competitive ones, and desire relationships that involve a high degree of mutual understanding.

Relying on an extensive amount of research, some reasonably well-supported predictions can be made based on the relationship of these needs to job performance. First, individuals with a high need to achieve prefer and will be motivated by job situations with personal responsibility, feedback and an intermediate degree of risk. Second, people with a high achievement need are interested in how well they do personally and not in influencing others to do well. Thus, they may not make good managers. Third, the best managers are high in their need for power and low in their need for affiliation.

3.2 Process Theories of Motivation

What is the life of a CFL assistant coach like? It's definitely not glorious. Assistant coaches work long hours, they can be fired readily if the team's owner or the head coach thinks they are responsible for the poor play of the team, and they work long hours without pensions or benefits.

Dan Dorazio, an offensive line coach with the BC Lions, faced a choice after his team beat the Calgary Stampeders in August 2005: stay in Calgary overnight or drive home to Abbotsford, BC, and arrive just before midnight. Tired after a long day of coaching, he still was not able to rest. He was expected to have the Calgary game tape analysed before sunrise so the coaches could plan the post-game practice with the players later in the afternoon. Dorazio chose to drive home, and, a brief nap, go to his office at 4 a.m.

What would make an assistant coach show up for work, day after day, under these conditions?

While needs theories identify the different needs that could be used to motivate individuals, process theories focus on the broader picture of how someone can set about motivating another individual. Process theories include expectancy theory, goal-setting theory (and its application, management by objectives), equity theory, and fair process. By focusing greater attention on these process theories, we will help you understand how you might actually motivate either yourself or someone else.

3.2.1 Expectancy Theory

Currently, one of the most widely accepted explanations of motivation is Victor Vroom's expectancy theory.

From a practical perspective, expectancy theory says that an employee will be motivated to exert a high level of effort when he or she believes the following:

- that the effort will lead to good performance
- that good performance will lead to recognition rewards, such as a bonus, a salary increase, or a promotion
- that the reward will satisfy his or her personal goals.

The theory, therefore, focuses on the three relationships (expectancy, instrumentality, and valence).This exhibit also provides an example of how you might apply the theory. You might also consider the question asked at the start of this section: why would offensive line coach Dan Dorazio work such long hours for the BC Lions for moderate compensation? Dorazio obviously believes that if he puts effort in coaching, the effort will result in good performance by the team. He must believe that there will some reward for his efforts, with some of the reward being his compensation, but some of it might be the intrinsic satisfaction of watching the teams develop. These rewards then satisfy his personal goals. As he points out “it’s really not work. I’ve never worked a day in my life in football.” Dorazio enjoys his work, and what keeps him motivated.

3.2.2 Effort-Performance Relationship

The effort-performance relationship is commonly called expectancy. It refers to the individual’s perception of how probable it is that exerting a given amount of effort will lead to good performance. For example, employees are sometimes asked to do things for which they do not have the appropriate skills or training. When that is the case, they will not be able to accomplish the required task. Expectancy can be expressed as a probability, and ranges from 0 to 1

In the opening vignette, we saw that the players were willing to work hard for a demanding coach. These players likely felt that their efforts, such as spending extra time training, would lead to good performance. In general, an employee’s expectancy is influenced by the following:

- self-esteem
- previous success
- help from supervisors and subordinates
- information
- proper materials and equipment.

3.2.3 Performance- Rewards Relationship

The performance-rewards relationship is commonly called instrumentality. It refers to the individual’s perception of whether performing level will lead to the attainment of a desired outcome. In particular, will the performance be acknowledged by those who have the power to allocate rewards? Instrumentality ranges from -1 to +1. A negative instrumentality indicates that high performance reduces the chances of getting the desired outcome. An instrumentality of 0 indicates that there is no relationship between performance and receiving the desired outcome.

In a study by the Angus Reid Group, only forty four percent of employees said that the workplace recognises employees who excel at their job. Therefore, one possible source of low motivation is employees 'belief that no matter how hard they work, the performance would not be recognised. BC Lions offensive line coach Dan Dorazio works long hours at his job because he does feel that his efforts are recognised by the head coach, and by the players on the team.

3.2.4 Rewards-Personal Goals Relationship

The rewards-personal goals relationship is commonly called *valence*. It refers to the degree to which organisational rewards satisfy an individual's personal goals or needs, and the attractiveness of those potential rewards for the individual.

Unfortunately, many managers are limited in the rewards they can distribute, which make it difficult to personalise rewards. Moreover, some managers incorrectly assume that all employees want the same thing. They overlook the motivational effects of differentiating rewards. In either case, employee motivation may be lower because the specific need the employee has is not being met through the reward structure. Valence ranges from -1(very undesirable reward) to +1(very desirable reward).

Vancouver-based Radical Entertainment, creator of such digital entertainment as the Hulk and The Simpsons: Road Rage, makes sure the company meets the needs of its employees, because it does not want to lose them to the United States. The company employs a "Radical fun guru" whose job is to make the workplace so much fun no one wants to leave. The company provides free food all day, including catered lunches a few times a week, and there is a log cabin on site, fitted out with big screens, DVDs, and gaming equipment, where employees can take time out to recharge during their long workdays. Radical Entertainment offers these benefits to meet the needs of its young employees, who find greater motivation from being part of a cool workplace than having a bigger pension plan.

3.2.5 Expectancy Theory in the Workplace

Does expectancy theory work? Although it has its critics, most of research evidence supports the theory. Research in cross-cultural settings has also indicated support for expectancy theory Exhibit 4-7 gives some suggestions for what a manager can do to increase the motivation of employees, using insights from expectancy theory. To appreciate how expectancy theory might apply in the workplace, see this chapter's Case Incident-Wage Reduction Proposal on page 157 for an example of what happens when expected when rewards are withdrawn.

3.2.6 Goal-Setting Theory

You have heard the phrase a number of times: "Just do your best. That's all anyone can ask for." But what does "do your best" mean?

Do we ever know if we've achieved that vague goal? Might you have done better in your high school English class if your parents had said," you should strive for seventy five percent or higher on all your work in English" instead of "do your best"?

The research on goal setting by Edwin Locke and his colleague Professor Gary Latham at the University of Toronto shows that intentions to work toward a goal are a major source of work motivation. A goal is "what an individual is trying to accomplish; it is the object or aim of an action. Goals tell an employee what needs to be done and how much effort will need to be expended.

Management by Objective (MBO) is one approach to goal setting that has been applied in the workplace. In MBO, managers and employees jointly set performance goals that are tangible, verifiable, and measurable, and measurable; progress on goal is periodically reviewed, and rewards are allocated on the basis of this progress.

How Does Goal Setting Motivate?

According to Locke, goal setting motivates in four ways:

a. Goals direct attention. Goals indicate where individuals should direct their efforts when they are choosing among things to do. For instance, organization that an important assignment is due in a few days, goal setting may encourage you to say no when friends invite you to a movie this evening
b. Goals regulate effort. Goals suggest how much effort an individual should put into a given task. For instance, if earnings a

high mark in accounting is more will likely put more effort into studying accounting

c. Goals increase persistence. Persistence represents the effort spent on a task over time. When people keep goals in mind, they will work hard on them, even in the face of obstacles

d. Goals encourage the development of strategies and action plans. Once goals are set, individuals can develop plans for achieving those goals. For instance, a goal to become fitter may include plans to join a gym, work out with friends, and change eating habits.

In order for goals to be effective, they should be "SMART." SMART stands for:

a. Specific: individuals know exactly what is to be achieved.
b. Measurable: the goals proposed can be tracked and reviewed.
c. Attainable: the goals, even if difficult, are reasonable and achievable.
d. Result- oriented: the goals should support the vision of the organisation.
e. Time-bound: the goals are to be achieved within a stated time.

SELF-ASSESSMENT EXERCISE

i. What do you understand by motivation?
ii. How do needs motivate people?
iii. Are there other ways to motivate people?

4.0 CONCLUSION

All needs theories of motivation, including Maslow's hierarchy of needs, Herzberg's motivation-hygiene theory (or the tow-factor theory, Alderfer's ERG (existence relatedness, growth) theory, and McClelland theory of needs (need for achievement, need for power, and need for affiliation), propose a similar idea: Individuals have needs that when unsatisfied, will result in motivation. For instance, if you have a need to be praised, you may work harder at your task in order to receive recognition from your manager or other co-workers. Similarly, if you need money and you are asked to do something, within reason, that offers money as a reward, you will be motivated to complete the task in order to earn the money.

Where needs theories differ is in the types of needs they consider, and whether they propose a hierarchy of needs (where some needs have to be satisfied before others) or simply a list of needs. Exhibit4-4 illustrates the relationship of the four needs theories we discussed to each other.

While the theories use different names for the needs, and also have different numbers of needs we can see that they are somewhat consistent in the types of needs addressed. Exhibit 4-5 on page 126 indicates whether the theory proposes a hierarchy of needs and the contribution of and empirical support for each theory.

5.0 SUMMARY

What can we conclude from the needs theories? We can safely say that individuals do have needs, and that they can be highly motivated to achieve those needs. The types of needs, and their importance, vary by individual, and probably vary over time for the same individual as well. When rewarding individuals, you should consider their specific needs. Obviously, in a workplace, it would be difficult to design a reward structure that could completely take into account the specific needs of every employee. The point/ counterpoint discussion on page 146 considers whether professional employee. To better understand what might motivate you in the workplace, look at this unit learning about yourself exercise. This unit suggests that considering people's needs for balance might help motivate them.

6.0 TUTOR-MARKED ASSIGNMENT

i. What is expectancy theory?
ii. Who is its proponent? Explain how the theory, focuses on the three relationships (expectancy, instrumentality, and valence)?
iii. What is goal setting theory, identify and explain one approach to goal setting that has been applied in work place?
iv. Discuss from practical perspective how goals setting motivate and in how many ways? In order for goals to be effective, what should be done?
v. What are the ethics behind motivation theories?

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UNIT 2 PERFORMANCE MANAGEMENT

CONTENTS

1.0 INTRODUCTION

In effective organisations, managers and employees have been practising good performance management naturally all their lives, executing each key component process well. Goals are set and work is planned routinely. Progress toward those goals is measured and employees get feedback. High standards are set, but care is also taken to develop the skills needed to reach them. Formal and informal rewards are used to recognise the behaviour and results that accomplish the mission. All five component processes working together and supporting each other achieve natural, effective performance management.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- know and clearly understand the definition of performance management and its importance to job planning and productive improvement
- describe all five components processes working together and supporting each other achieve natural, effective performance management
- define planning and its impact in effective performance management
- identify the significance of monitoring performance in achieving performance effectiveness
- explain the meaning of rating approach to evaluating employee effectiveness to productivity

- understand what reward is all about and how employees can be motivated and rewarded and how to manage performance effectively
- discuss the importance of setting the stage for performance management and know the advantages and disadvantages and challenges of performance management.

3.0 MAIN CONTENT

3.1 Performance Management

Definition of Performance Management

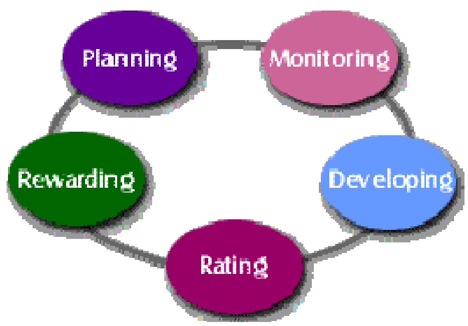


Fig. 2.1:

Source: Human Resource Canada, Performance Management cycle, 2008 P.P. 221-223

Employee performance management includes:

- planning work and setting expectations
- continually monitoring performance
- developing the capacity to perform
- periodically rating performance in a summary fashion, and
- rewarding good performance

Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organisational effectiveness in the accomplishment of agency mission and goals.

Employee Performance Management includes:

- Planning
- Monitoring
- Developing

- Rating
- Rewarding

The revisions made in 1995 to the Government wide performance appraisal and awards regulations support sound management principles. Great care was taken to ensure that the requirements those regulations establish would complement and not conflict with the kinds of activities and actions practiced in effective organisations as a matter of course.

Additional background information on performance management can be found in the following articles

3.1.1 Setting the Stage for Performance Management Today

In an effective organisation, work is planned out in advance.

Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organisational objectives.

Getting employees involved in the planning process will help them understand the goals of the organisation, what needs to be done, why it needs to be done, and how well it should be done.

The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans.

Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities.

Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

In an effective organisation, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals.

Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. And by monitoring continually, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned.

In an effective organisation, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology.

Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees

From time to time, organisations find it useful to summarise employee performance. This can be helpful for looking at and comparing performance over time or among various employees. Organisations need to know who their best performers are.

Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organisation’s appraisal program. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction in force.

Note: Although group performance may have an impact on an employee's summary rating, a rating of record is assigned only to an individual, not to a group.

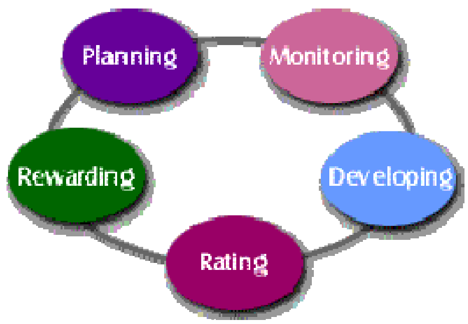
In an effective organisation, rewards are used well.

Rewarding means recognising employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency’s mission. A basic principle of effective management is that all behaviour is controlled by its consequences. Those consequences can and should be both formal and informal and both positive and negative.

Good performance is recognised without waiting for nominations for formal awards to be solicited. Recognition is an ongoing, natural part of day-to-day experience. A lot of the actions that reward good performance — like saying “Thank you” — do not require a specific regulatory authority. Nonetheless, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many nonmonetary items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments.

3.2 Managing Performance Effectively

In effective organisations, managers and employees have been practicing good performance management naturally all their lives, executing each key component process well. Goals are set and work is planned routinely. Progress toward those goals is measured and employees get feedback. High standards are set, but care is also taken to develop the skills needed to reach them. Formal and informal rewards are used to recognise the behaviour and results that accomplish the mission. All five component processes working together and supporting each other achieve natural, effective performance management.



SELF-ASSESSMENT EXERCISE

i. Why is it imperative in getting employees involved in planning process?
ii. How should performance standard be assessed?
iii. Should performance standard be flexible in your opinion, why or why not? Explain

4.0 CONCLUSION

Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organisation's appraisal program. It is based on work performed during an entire appraisal period.

5.0 SUMMARY

Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology.

Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees.

6.0 TUTOR-MARKED ASSIGNMENT

i. How can high standards be set in anticipation of achieving better performance outcome?
ii. What salient steps need be taken to develop the skills needed to reach them?
iii. What formal and informal rewards are used to recognise the behaviour and results that could accomplish the mission?

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UNIT 3 JOB ANALYSIS

CONTENTS

1.0 INTRODUCTION

One of the main purposes of conducting job analysis is to prepare job description and job specification which in turn helps to hire the right quality of workforce into the organisation.

The general purpose of job analysis is to document the requirements of a job and the work performed. Job and task analysis is performed as a basis for later improvements, including: definition of a job domain; describing a job; developing performance appraisals, selection systems, promotion criteria, training needs assessment, and compensation plans.
In the fields of Human Resources (HR) and Industrial Psychology, job analysis is often used to gather information for use in personnel selection, training, classification, and/or compensation.

The field of vocational rehabilitation uses job analysis to determine the physical requirements of a job to determine whether an individual who has suffered some diminished capacity is capable of performing the job with, or without, some accommodation.

Professionals developing certification exams use job analysis (often called something slightly different, such as "task analysis") to determine the elements of the domain which must be sampled in order to create a content valid exam. When a job analysis is conducted for the purpose of valuing the job (i.e., determining the appropriate compensation for incumbents) this is called "job evaluation."

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define job analysis and outline its importance in personnel decision making
- identify the real purpose of job analysis and its relevance in HRM
- explain what a job is, why job exist, when and how is job to be performed
- discuss what constitute successful job performance, effectiveness and productivi*ty*
- outline ways of conducting job analysis, selection procedure, compensation and performance review
- articulate the methods of job analysis in an organisation and its impact on the productivity process
- describe task, duties, supervising relationship and effective job performance significance to employees and organisation.

3.0 MAIN CONTENT

3.1 Job Analysis Aims and Addressing Critical Questions

1. Why does the job exist? 2. What physical and mental activities does the worker undertake? 3. When is the job to be performed? 4. Where is the job to be performed? 5. How does the worker do the job? 6. What qualifications are needed to perform the job? 7. What are the working conditions (such as levels of temperature, noise, offensive fumes, light)
8. What machinery or equipment is used in the job? 9. What constitutes successful performances?

3.1.1 Ways of Conducting Job Analysis

There are several ways to conduct a job analysis, including: interviews with incumbents and supervisors, questionnaires (structured, open-ended, or both), observation, critical incident investigations, and gathering background information such as duty statements or classification specifications. In job analysis conducted by HR professionals, it is common to use more than one of these methods.

For example, the job analysts may tour the job site and observe workers performing their jobs. During the tour the analyst may collect materials that directly or indirectly indicate required skills (duty statements, instructions, safety manuals, quality charts, etc.).

The analyst may then meet with a group of workers or incumbents. And finally, a survey may be administered. In these cases, job analysts typically are industrial/organisational psychologists or Human Resource Officers who have been trained by, and are acting under the supervision of an industrial psychologist.

In the context of vocational rehabilitation, the primary method is direct observation and may even include video recordings of incumbents involved in the work. It is common for such job analysts to use scales and other apparatus to collect precise measures of the amount of strength or force required for various tasks.

Accurate, factual evidence of the degree of strength required for job performance is needed to justify that a disabled worker is legitimately qualified for disability status. In the United States, billions of dollars are paid to disabled workers by private insurers and the federal government (primarily through the Social Security Administration).

Disability determination is, therefore, often a fairly "high-stakes" decision. Job analysts in these contexts typically come from a health occupation such as occupational or physical therapy.

Questionnaires are the most common methodology employed by certification test developers, although the content of the questionnaires (often lists of tasks that might be performed) are gathered through interviews or focus groups. Job analysts can at times operate under the supervision of a psychometrician.

The online resource which has replaced the Dictionary of Occupational Titles (DOT)) lists job requirements for a very large number of jobs and is often considered basic, generic, or initial job analysis data. Data available from O*Net includes physical requirements, educational level, and some mental requirements. Task-based statements describing the work performed are derived from the functional job analysis technique. O*Net also provides links to salary data at the US national, state and city level for each job.

3.1.2 The Position Analysis Questionnaire (PAQ)

Is a well-known job analysis method. Although it is labeled a questionnaire, the PAQ is actually designed to be completed by a trained job analyst who interviews the subject matter experts (e.g., job incumbents and their supervisors).

Functional job analysis (FJA) is a task-based (or work-oriented) technique developed by Sidney Fine and colleagues in 1944. In this method, work elements are scored in terms of relatedness to data (0-6), people (0-8), and things (0-6), with lower scores representing greater complexity. Incumbents, considered subject matter experts, are relied upon, usually in a panel, to report elements of their work to the job analyst. Using incumbent reports, the analyst uses Fine's terminology to compile statements reflecting the work being performed in terms of data, people, and things. The Dictionary of Occupational Titles uses elements of the FJA in defining jobs.

3.1.3 Task Inventories Use Tasks Gathered

Task inventories use task gathered from Subject Matter Experts (SMEs) about the tasks performed by the job incumbents. Typically, subject matter experts rate long lists of tasks on scales such as frequency, amount of time spent, or importance. The KSAO's required for a job are then inferred from the most frequently-occurring, important tasks. In a skills-based job analysis, the skills are inferred from tasks and the skills are rated directly in terms of importance of frequency. This often results in data that immediately imply the important KSAO's. However, it can be hard for subject matter experts to rate skills directly.

The Fleishman Job Analysis System (F-JAS) represents a generic, skills-based approach. Fleishman factor-analysed large data sets to discover a common, minimum set of KSAO's across different jobs. His system of 73 specific scales measure three broad areas:

- Cognitive (Verbal Abilities
- Idea Generation & Reasoning Abilities
- Quantitative Abilities; Memory; Perceptual Abilities
- Spatial Abilities; and Attentiveness)
- Psychomotor (Fine Manipulative Abilities
- Control Movement Abilities; and Reaction Time and Speed Abilities) and Physical (Physical Strength Abilities
- Endurance
- Flexibility, Balance, and Coordination; Visual Abilities and
- Auditory and Speech Abilities).

Job Scan is a measurement instrument which defines the personality dynamics within a specific type of job. By collecting PDP Pro-Scan Survey results of actual performers and results of Job Dynamics Analysis Surveys completed by knowledgeable people related to a specific job, Job Scan provides a suggested ideal job model for that position. Although it does not evaluate the intellect or experience necessary to accomplish a task, it does deal with the personality of the type of work itself.

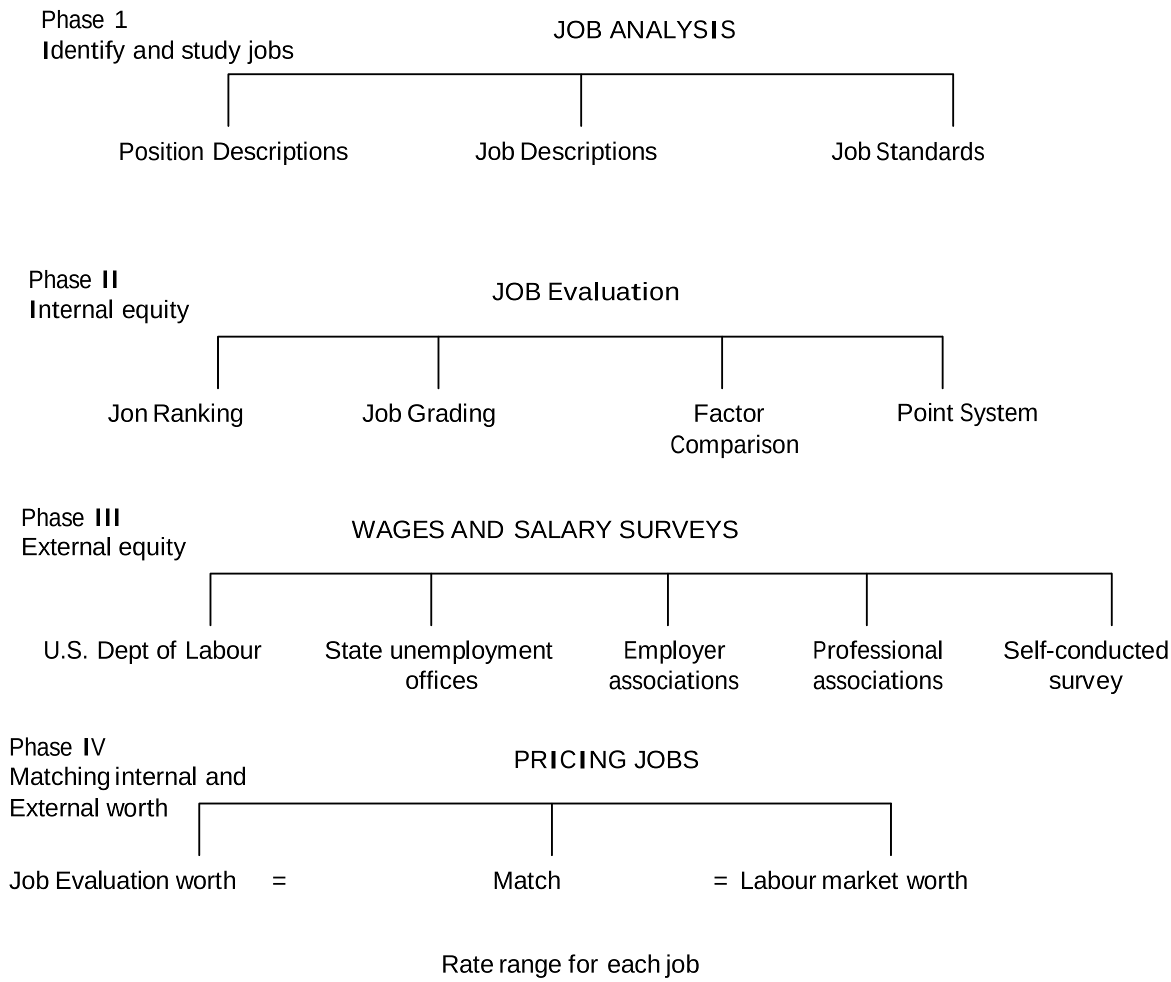

Fig. 3.1: Major Phases of Compensation Management

Source: DSP/HP Job Assessment & Compensation Phases Strategy 2008,p.77

3.2 Job Analysis Definition

a. Job Analysis is a process to identify and determine in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job Analysis is a process where judgements are made about data collected on a job.

b. The Job; not the person. An important concept of Job Analysis is that the analysis is conducted of the Job, not the person. While Job Analysis data may be collected from incumbents through interviews or questionnaires, the product of the analysis is a description or specifications of the job, not a description of the person.

3.2.1 Purpose of Job Analysis

The purpose of Job Analysis is to establish and document the 'job relatedness' of employment procedures such as training, selection, compensation, and performance appraisal.

Determining Training Needs

Job Analysis can be used in training/"needs assessment" to identify or develop:

- Training content
- Assessment tests to measure effectiveness of training
- Equipment to be used in delivering the training
- Methods of training (i.e., small group, computer-based, video, classroom...)

3.2.2 Compensation

Job Analysis can be used in compensation to identify or determine:

- skill levels
- compensable job factors
- work environment (e.g., hazards; attention; physical effort)
- responsibilities (e.g., fiscal; supervisory)
- required level of education (indirectly related to salary level).

3.2.3 Selection Procedures

Job Analysis can be used in selection procedures to identify or develop:

- job duties that should be included in advertisements of vacant positions
- appropriate salary level for the position to help determine what salary should be offered to a candidate
- minimum requirements (education and/or experience) for screening applicants
- interview questions
- selection tests/instruments (e.g., written tests; oral tests job simulations)
- applicant appraisal/evaluation forms

- orientation materials for applicants/new hires.

3.2.4 Performance Review

Job Analysis can be used in performance review to identify or develop:

- goals and objectives
- performance standards
- evaluation criteria
- length of probationary periods
- duties to be evaluated.

3.2.5 Methods of Job Analysis

Several methods exist that may be used individually or in combination. These include:

- review of job classification systems
- incumbent interviews
- supervisor interviews
- expert panels
- structured questionnaires
- task inventories
- check lists
- open-ended questionnaires
- observation
- incumbent work logs.

A typical method of Job Analysis would be to give the incumbent a simple questionnaire to identify job duties, responsibilities, equipment used, work relationships, and work environment. The completed questionnaire would then be used to assist the Job Analyst who would then conduct an interview of the incumbent(s). A draft of the identified job duties, responsibilities, equipment, relationships, and work environment would be reviewed with the supervisor for accuracy. The Job Analyst would then prepare a job description and/or job specifications.

The method that you may use in Job Analysis will depend on practical concerns such as type of job, number of jobs, number of incumbents, and location of jobs.

3.2.6 What Aspects of a Job are Analysed

Job Analysis should collect information on the following areas:

a. Duties and Tasks: the basic unit of a job is the performance of specific tasks and duties. Information to be collected about these items may include: frequency, duration, effort, skill, complexity, equipment, standards, etc
b. Environment: this may have a significant impact on the physical requirements to be able to perform a job. The work environment may include unpleasant conditions such as offensive odours and temperature extremes. There may also be definite risks to the incumbent such as noxious fumes, radioactive substances, hostile and aggressive people, and dangerous explosives
c. Tools and Equipment: some duties and tasks are performed using specific equipment and tools. Equipment may include protective clothing. These items need to be specified in a Job Analysis
d. Relationships Supervision given and received: relationships with internal or external people
e. Requirements the knowledge, skills, and abilities (KSA's): these are required to perform the job. While an incumbent may have higher KSA's than those required for the job, a Job Analysis typically only states the minimum requirements to perform the job.

SELF-ASSESSMENT EXERCISE

i. What is the basic unit of a job?
ii. Identify some environmental challenges and risk associated in performance of a job and job analysis?
iii. Explain how can questionnaire be used as a method of job analytic tool by an incumbent?

4.0 CONCLUSION

In the fields of Human Resources (HR) and Industrial Psychology, job analysis is often used to gather information for use in personnel selection, training, classification, and/or compensation.

The field of vocational rehabilitation uses job analysis to determine the physical requirements of a job to determine whether an individual who has suffered some diminished capacity is capable of performing the job with, or without, some accommodation.

5.0 SUMMARY

Surveys completed by knowledgeable people related to a specific job, Job Scan provides a suggested ideal job model for that position. Although it does not evaluate the intellect or experience necessary to accomplish a task, it does deal with the personality of the type of work itself. Job Analysis is a process where judgements are made about data collected on a job. An important concept of Job Analysis is that the analysis is conducted of the Job, not the person. While Job Analysis data may be collected from incumbents through interviews or questionnaires, the product of the analysis is a description or specifications of the job, not a description of the person.

6.0 TUTOR-MARKED ASSIGNMENT

i. Identify and explain five criteria performance review areas that Job Analysis can be used to develop and its significance in achieving better performance objective?

ii. Outline four selection tools and instruments that job analyst can use in selection procedures and state what impact this would have on-the-job in training and development of work force?

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UNIT 4 JOB EVALUATION CONCEPT

CONTENTS

1.0 INTRODUCTION

In this unit, we shall be studying job evaluation concept, including its process of evaluations, inclusive of its merits and challenges.

Employees as well as unions participate as members of job evaluation committee while determining rate grades for different jobs. This helps in solving wage related grievances quickly.

Job evaluation, when conducted properly and with care, helps in the evaluation of new jobs.

It points out possibilities of more appropriate use of the plant's labour force by indicating jobs that need more or less skilled workers than those who are manning these jobs currently.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define Job Evaluation and its importance to the organisation
- explain and differentiate Job Analysis from job evaluations and their respective impacts
- explain the features of job evaluation and classification methods

- discuss the process of job evaluation and methods of job evaluation and its purposes
- identify and explain your understanding of factor comparison and point method of evaluation
- expatiate on concept of job design, job enrichment, job enlargement, job rotation and simplification
- articulate job description and job specification and its significance to the employer and employees
- state and explain a clear understanding of merits and demerits of job evaluations.

3.0 MAIN CONTENT

3.1 Job Evaluation: Definition and Concept

By definition, Job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organisation. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving pay equity between jobs.

3.1.1 Features of Job Evaluation

The purpose of job evaluation is to produce a defensive ranking of jobs on which a rational and acceptable pay structure can be built. The important features of job evaluation may be summarised thus:

- it tries to assess jobs, not people
- the standards of job evaluation are relative, not absolute
- the basic information on which job evaluations are made is obtained from job analysis
- job evaluations are carried out by groups, not by individuals
- some degree of subjectivity is always present in job evaluation
- job evaluation does not fix pay scales, but merely provides a basis for evaluating a rational wage structure.

3.1.2 Process of Job Evaluation

The process of job evaluation involves the following steps:

- **Gaining acceptance**: before undertaking job evaluation, top management must explain the aims) and uses of the programme to the employees and unions. To elaborate the programme further, oral presentations could be made. Letters, booklets could be used to classify all relevant aspects of the job evaluation programme.
- **Creating job evaluation committee**: it is not possible for a single person to evaluate all the key jobs in an organisation. Usually a job evaluation committee consisting of experienced employees, union representatives and HR experts is created to set the ball rolling.
- **Finding the jobs to be evaluated**: every job needs not be evaluated. This may be too taxing and costly. Certain key jobs in each department may be identified. While picking up the jobs, care must be taken to ensure that they represent the type of work performed in that department.
- **Analysing and preparing job description**: this requires the preparation of a job description and also an analysis of job needs for successful performance.
- Selecting the method of evaluation: the most important method of evaluating the jobs must be identified now, keeping the job factors as well as organisational demands in mind.
- **Classifying jobs**: the relative worth of various jobs in an organisation may be found out after arranging jobs in order of importance using criteria such as skill requirements, experience needed, under which conditions job is performed, type of responsibilities to be shouldered, degree of supervision needed, the amount of stress caused by the job, etc. Weights can be assigned to each such factor. When we finally add all the weights, the worth of a job is determined. The points may then be converted into monetary values.
- **Installing the programme**: once the evaluation process is over and a plan of action is ready, management must explain it to employees and put it into operation.
- **Reviewing periodically**: in the light of changes in environmental conditions (technology, products, services, etc.) jobs need to be examined closely. For example, the traditional clerical functions have undergone a rapid change in sectors like banking, insurance and railways, after computerisation. New job descriptions need to be written and the skill needs of new jobs need to be duly incorporated in the evaluation process. Otherwise, employees may feel that all the relevant job factors - based on which their pay has been determined - have not been evaluated properly.

Benefits

The pay offs from job evaluation may be stated thus:

- It tries to link pay with the requirements of the job.
- It offers a systematic procedure for determining the relative worth of jobs. Jobs are ranked on the basis of rational criteria such as skill, education, experience, responsibilities, hazards, etc., and are priced accordingly.
- An equitable wage structure is a natural outcome of job evaluation. An unbiased job evaluation tends to eliminate salary inequities by placing jobs having similar requirements in the same salary range.

3.1.3 Job Evaluation Methods

There are three basic methods of job evaluation: (1) ranking, (2) classification, (3) factor comparison. While many variations of these methods exist in practice, the three basic approaches are described here.

Ranking Method

Perhaps the simplest method of job evaluation is the ranking method. According to this method, jobs are arranged from highest to lowest, in order of their value or merit to the organisation. Jobs can also be arranged according to the relative difficulty in performing them. The jobs are examined as a whole rather than on the basis of important factors in the job; the job at the top of the list has the highest value and obviously the job at the bottom of the list will have the lowest value.

Jobs are usually ranked in each department and then the department rankings are combined to develop an organisational ranking. The following table is a hypothetical illustration of ranking of jobs. The variation in payment of salaries depends on the variation of the nature of the job performed by the employees. The ranking method is simple to understand and practice and it is best suited for a small organisation. Its simplicity however works to its disadvantage in big organisations because rankings are difficult to develop in a large, complex organisation. Moreover, this kind of ranking is highly subjective in nature and may offend many employees. Therefore, a more scientific and fruitful way of job evaluation is called for.

3.1.4 Classification Method

According to this method, a predetermined number of job groups or job classes are established and jobs are assigned to these classifications.

This method places groups of jobs into job classes or job grades. Separate classes may include office, clerical, managerial, personnel, etc. Following is a brief description of such a classification in an office.

a. **Class I -** Executives: Further classification under this category may be Office Manager, Deputy office manager, Office superintendent, Departmental supervisor, etc.
b. **Class II** - Skilled workers: under this category may come the Purchasing assistant, Cashier, Receipts clerk, etc.
c. **Class III** - Semiskilled workers: under this category may come Steno typists, Machine-operators, Switchboard operator etc.
d. **Class IV** - Semiskilled workers: this category comprises Dataries, File clerks, Office boys, etc.

The job classification method is less subjective when compared to the earlier ranking method. The system is very easy to understand and acceptable to almost all employees without hesitation. One strong point in favour of the method is that it takes into account all the factors that a job comprises. This system can be effectively used for a variety of jobs. The weaknesses of the job classification method are:

- even when the requirements of different jobs differ, they may be combined into a single category, depending on the status a job carries
- it is difficult to write all-inclusive descriptions of a grade
- the method oversimplifies sharp differences between different jobs and different grades
- when individual job descriptions and grade descriptions do not match well, the evaluators have the tendency to classify the job using their subjective judgments.

3.1.5 Factor Comparison Method

A more systematic and scientific method of job evaluation is the factor comparison method. Though it is the most complex method of all, it is consistent and appreciable. Under this method, instead of ranking complete jobs, each job is ranked according to a series of factors. These factors include mental effort, physical effort, skill needed, responsibility, supervisory responsibility, working conditions and other such factors (for instance, know-how, problem solving abilities, accountability, etc.). Pay will be assigned in this method by comparing the weights of the factors required for each job, i.e., the present wages paid for key jobs may be divided among the factors weighted by importance (the most important factor, for instance, mental effort, receives the highest weight). In other words, wages are assigned to the job in comparison to its ranking on each job factor.

The steps involved in factor comparison method may be briefly stated thus:

- select key jobs (say 15 to 20), representing wage/salary levels across the organisation. The selected jobs must represent as many departments as possible
- find the factors in terms of which the jobs are evaluated (such as skill, mental effort, responsibility, physical effort, working conditions, etc.)
- rank the selected jobs under each factor (by each and every member of the job evaluation committee) independently
- assign money value to each factor and determine the wage rates for each key job
- the wage rate for a job is apportioned along the identified factors
- all other jobs are compared with the list of key jobs and wage rates are determined. An example of how the factor comparison method works is given below:
    - After the wage rate for a job is distributed along the identified and ranked factors, all other jobs in the department are compared in terms of each factor. Suppose the job of a 'painter' is found to be similar to that of electrician in skill (15), fitter in mental effort (10), welder in physical effort (12) cleaner in responsibility! (6) and labourer in working conditions (4). The wage rate for this job would be (15+10+12+6+4) is47.j

3.1.6 Point Method

This method is widely used currently. Here, jobs are expressed in terms of key factors. Points are assigned to each factor after prioritising each factor in order of importance. The points are summed up to determine the wage rate for the job. Jobs with similar point totals are placed in similar pay grades. The procedure involved may be explained thus:

a. select key jobs. Identify the factors common to all the identified jobs such as skill, effort, responsibility, etc
b. divide each major factor into a number of sub factors. Each sub factor is defined and expressed clearly in the order of importance, preferably along a scale.

   The most frequent factors employed in point systems are (i) Skill (key factor); Education and training required, Breadth/depth of experience required, Social skills required, Problem-solving skills, Degree of discretion/use of judgement, Creative thinking (ii) Responsibility/Accountability: Breadth of responsibility, Specialised responsibility, Complexity of the work, Degree of freedom to act, Number and nature of subordinate staff, Extent of accountability for equipment/plant, Extent of accountability for product/materials; (iii) Effort: Mental demands of a job, Physical demands of a job, Degree of potential stress

The educational requirements (sub factor) under the skill (key factor) may be expressed thus in the order of importance.

c. Find the maximum number of points assigned to each job (after adding up the point values of all sub-factors of such a job).

This would help in finding the relative worth ol a job. For instance, the maximum points assigned to an officer's job in a bank come to 540. The manager's job, after adding up key factors + sub factors points, may be getting a point value of say 650 from the job evaluation committee. This job is now priced at a higher level.

d. Once the worth of a job in terms of total points is expressed, the points are converted into money values keeping in view the hourly/daily wage rates. A wage survey is usually undertaken to collect wage rates of certain key jobs in the organisation. Let us explain this:

3.2 Merits and Demerits

The point method is a superior and widely used method of evaluating jobs. It forces raters to look into all key factors and sub-factors of a job. Point values are assigned to all factors in a systematic way, eliminating bias at every stage. It is reliable because raters using similar criteria would get more or less similar answers.

The methodology underlying the approach contributes to a minimum of rating error (Robbins p. 361). It accounts for differences in wage rates for various jobs on the strength of job factors. Jobs may change over time, but the rating scales established under the point method remain unaffected. On the negative side, the point method is complex. Preparing a manual for various jobs, fixing values for key and sub-factors, establishing wage rates for different grades, etc., is a time consuming process,

According to Decenzo and Robbins, "the key criteria must be carefully and clearly identified, degrees of factors have to be agreed upon in terms that mean the same to all rates, the weight of each criterion has to be established and point values must be assigned to degrees". This may be too taxing, especially while evaluating managerial jobs where the nature of work (varied, complex, novel) is such that it cannot be expressed in quantifiable numbers.

3.2.1 Limitations of Job Evaluation

1. Job evaluation is not exactly scientific.
2. 'The modus operand^ of most of the techniques is difficult to understand, even for the supervisors.
3. The factors taken by the programme are not exhaustive.
4. There may be wide fluctuations in compensable factors in view of changes in technology, values and aspirations of employers, etc.
5. Employees, trade union leaders, management and the programme operators may assign different weight age to different factors, thus creating grounds for dispute.

3.2.2 Concept of Job Design

What is job design? As we just explained, job analysis provides job-related data as well as the skills and knowledge required for the incumbent to perform the job. A better job performance also requires deciding on sequence of job contents. This is called 'job design'. Job design is a logical sequence to job analysis. In other words, job design involves specifying the contents of a job, the work methods used in its performance and how the job relates to other jobs in the organisation.

A few definitions on job design are produced here with a view to help you understand the meaning of job design in a better manner.

- **Michael Armstrong** has defined job design as "the process of deciding on the contents of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures, and on the relationships that should exist between the job holder and his superiors, subordinates and colleagues".
- **Mathis and Jackson** have defined job analysis as "a process that integrates work content (tasks, functions, relationships), the rewards (extrinsic and intrinsic), and the qualifications required (skills, knowledge, abilities) for each job in a way that meets the needs of employees and organisations."

Popplewell and Wildsmit define job design in these words: "......involves conscious efforts to organise tasks, duties, and responsibilities into a unit of work to achieve certain objectives".

Having gone through the above definitions of job design, it can now be described as a deliberate attempt made to structure both technical and social aspects of the job to attain a fit between the individual (job holder) and the job. The very idea is that job should be designed in such a way as to enable employees to control over the aspects of their work. The underlying justification being that by doing this, it enhances the quality of the work life harnesses the potential of the workers in a more effective manner and thereby improves employee performance.

Techniques for Designing Jobs
Basically, there are four techniques used in the design of jobs. These include Job simplification,

Classification of Jobs

a. This has to do with job enrichment, job specification, and job enlargement. Job simplification is a design method whereby jobs are divided into smaller components and subsequently assigned to workers as whole jobs. Simplification of work requires that jobs be broken down into their smallest units and then analysed. Each resulting sub-unit typically consists of relatively few operations. These subunits are then assigned to the workers as their total job. Many fast food restaurants such as McDonald's, Burger King and Nirula's use simplification because employees can learn tasks rapidly; short work cycles allow task performance with little or no mental effort and low-skilled and low-paid employees can be hired and trained easily.

On the negative side, job simplification results in workers experiencing boredom, frustration, alienation, lack of motivation and low job satisfaction. This, in turn, leads to lower productivity and increased cost.

b**.** **Job Enlargement**

Job enlargement expands a job horizontally. It increases job scope; that is, it increases the number of different operations required in a job and the frequency with which the job cycle is repeated. By increasing the number of tasks an individual performs, job enlargement increases the job scope, or job diversity. Instead of only sorting the incoming mail by department, for instance, a mail sorter's job could be enlarged to include physically delivering the mail to the various departments or running outgoing letters through the postage meter.

Efforts at job enlargement have met with less than enthusiastic results. As one employee who experienced such a redesign on his job remarked, "Before I had one lousy job. Now, through enlargement, I have three!" So while job enlargement attacks the lack of diversity in overspecialised jobs, it has done little to provide challenge or meaningfulness to a worker's activities.

c. Job Rotation

Job rotation refers to the movement of an employee from one job to another. Jobs themselves are not actually changed, only the employees are rotated among various jobs. An employee who works on a routine job moves to work on another job for some hours/days/months and returns back to the first job. This measure relieves the employee from the boredom and monotony, improves the employee's skills regarding various jobs and prepares worker's self-image and provides personal growth. However, frequent job rotations are not advisable in view of their negative impact on the organisation and the employee.

d. **Job Enrichment**

Job enrichment, as currently practiced in industry, is a direct outgrowth of Herzberg's Two Factor Theory of motivation. It is, therefore, based on the assumption that in order to motivate personnel, the job itself must provide opportunities for achievement recognition, responsibility, advancement and growth. The basic idea is to restore to jobs the elements of interest that were taken away under intensive specialisation. Job enrichment tries to embellish the job with factors that Herzberg characterised as motivators: achievement, recognition, increased responsibilities, opportunities for growth, advancement and increased competence. There is an attempt to build into jobs a higher sense of challenge and achievement, through vertical job loading. Job enrichment has four unique aspects:

- It changes the basic relationship between employees and their work. Interesting and challenging work, as studies have proved, can be a source of employee satisfaction.
- It changes employee behaviours in ways that gradually lead to more positive attitudes about the organisation and a better self image. Feeling of autonomy and personal freedom help employees view their jobs in a favourable way.
- It helps the employer to bring about organisational changes easily, securing employee cooperation and commitment.
- **Job enrichment** can humanise an organisation. "Individuals can experience the psychological that comes from developing new competencies and doing a job well. Individuals are encouraged to grow and push themselves."

Many companies in India realised the importance of offering jobs having depth, variety and meaningfulness to their employees long back. ICICI, Proctor & Gamble, Infosys, BPCL, Asian Paints, HLL, Hughes Software have certain things in common: greater opportunities to grow vertically, open communication, flexible working hours, excellent reward schemes, employee-oriented work environment, sharing with and learning from others etc. The BT-Hewlett Associates study has clearly indicated the benefits of having such excellent practices.

- Employees in the above companies displayed tremendous pride in what their company does and in its products and services. They also believed in its future prospects.
- Employees in the above companies admired their leadership for making them fell 'safe and well-led.

SELF-ASSESSMENT EXERCISE

i. What do you understand by Job Rotation, are there measures and or advantages employees derive from them?
ii. What is job enrichment and explain how it works
iii. Are there any benefits or challenges that the employees encounter in them?

4.0 CONCLUSION

The methodology underlying the approach contributes to a minimum of rating error (Robbi). It accounts for differences in wage rates for various jobs on the strength of job factors. Jobs may change over time, but the rating scales established under the point method remain unaffected. On the negative side, the point method is complex. Preparing a manual for various jobs, fixing values for key and sub-factors, establishing wage rates for different grades, etc., is a time consuming process.

According to Decenzo and Robbins, "the key criteria must be carefully and clearly identified, degrees of factors have to be agreed upon in terms that mean the same to all rates, the weight of each criterion has to be established and point values must be assigned to degrees

5.0 SUMMARY

Many companies in India realised the importance of offering jobs having depth, variety and meaningfulness to their employees long back. ICICI, Proctor & Gamble, Infosys, BPCL, Asian Paints, HLL, Hughes Software have certain things in common: greater opportunities to grow vertically, open communication, flexible working hours, excellent reward schemes, employee-oriented work environment, sharing with and learning from others etc. The BT-Hewlett Associates study has clearly indicated the benefits of having such excellent practices.

- Employees in the above companies displayed tremendous pride in what their company does and in its products and services. They also believed in its future prospects.

6.0 TUTOR-MARKED ASSIGNMENT

i. Compare and contrast job analysis to job evaluation?
ii. What is the salient purpose of job evaluation?
iii. Explain the process of job evaluation and its impact to the organisation.

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UNIT 5 STRATEGIC HUMAN CAPITAL DEVELOPMENT

CONTENTS

1.0 INTRODUCTION

In this unit, we shall be studying, strategic human capital which is the gathering of essential and critical intangible asset that comprises the knowledge, education, vocational qualification, professional certifications, work-related experience and competence of organization's employees.

Training is one of the most important ways that performance can be improved.

Although there has been a great deal of emphasis on strategic HCD along with ethical business practices in the aftermath of Enron, WorldCom, and Tyco, Adolph Coors Company collapse has been training employees to understand ethical issues and to effectively cope with them for more than a decade. In fact, the company has one of the most comprehensive' ethics 'programs in North America, Europe, Asia, Australia and African countries. Their diagrams include interactive on-line courses, ethics leadership training; a decision map, a detailed set of policies, and an ethics help line that complements and supports a user-friendly and accessible code of conduct.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- articulate and explain the meaning of ethical issues and the terms performance management, training, and development of human capital
- describe the organisational, employee, and societal benefits of training and development to employees and employers
- discuss how to translate ethical issues to behaviour and the state of strategic training and development in Nigeria
- state the role of the environmental and organisational scanning and use of tools and context of training
- explain the meaning and importance of strategic human resources management (SHRM) and strategic training and development
- illustrate the concept and application of human capital, prevention to investigation of training and development issues and decisions.

3.0 MAIN CONTENT

3.1 Strategic Human Capital Development Process

Strategic human capital development with Training and Development is a sub-set of Strategic HRM tools.

Strategic HRM by definition is a set of distinct but interrelated practices, policies and philosophies whose goal is to enable the achievement of the organisational strategy (McBey, 2008).

Ideally these practices, policies and philosophies form a system that attracts, develops, motivates and trains employees who ensure the effective functioning and survival of the organisation and its members.

3.1.1 Human Capital

By definition, Human Capital refers to collective sum of attributes, experience, knowledge and commitment that employee choose to invest in their work (Belcourt, 2007) .This intangible asset comprises the knowledge, education, vocational qualification, professional certifications, work-related experience and competence of an organisation’s employees.

Training is one of the most important ways that performance can be improved.

A more traditional perspective of the HR planning concept implied that the organisation was concerned only with possible problems of labour surpluses and shortages.

The goal of SHRM was to determine the knowledge, skills, and abilities (KSAs) required within broad organisational outcomes such as growth or decline. Much emphasis was placed on the statistical techniques for analysing resource supply and demand forecasting while ignoring managerial realities and support for the process.

3.1.2 Strategic Training

By definition, Strategic Training refers to the acquisition of knowledge, skills, and abilities strategically required to improving performance in one's current job. Belcourt further opined that training usually consists of a short-term focus on acquiring skills to perform one's job. You have probably experienced this type of training, such as when your company sends you to a workshop to learn a software package like Excel or to learn how to serve customers. The goal is to help you learn to do your current job better.

3.1.3 Development

Refers to the acquisition of knowledge, skills, and abilities required to perform future job responsibilities and for the long-term achievement of individual career goals and organisational objectives. The goal is to prepare individuals for promotions and future jobs as well as additional job responsibilities. This process might consist of extensive programs such as leadership development, and might include seminars and workshops, job rotation, coaching, and other assignments. The goal is usually to prepare employees for managerial careers.

Mintzberg, developed a useful framework for understanding strategy, incorporating many of the meaning found in the HP Planning.

Mintzberg outlined the five Ps of strategy as:

- **Plan:** an intended course of action a firm has selected to deal with a situation.
- **Purpose:** a consistent stream of actions that sometimes are the result of a deliberate plan and sometimes are the result of emergent action based on reactions to environmental changes or shifting of assumptions.
- **Play:** a specific manoeuvre at tactical level with a short time horizon.

- **Position:** the location of an organisation relative to its competitors and other environmental factors.
- **Perspective:** the gestalt or personality of the organisation.

3.1.4 Prevention rather than Investigation in T&D

The objective of the program is to teach employees how to think, clarify, and analyse situations as part of a strategy of "prevention" rather than “investigation.” In 2092, the company invested $250,000 in an interactive, Web-based ethics training module that guides employees through real-world scenarios to help ensure that they understand key principles of ethics. Using an “ethics expedition" theme, employees must ascend from a base camp to the top of a mountain by completing activities in each of four camps. As employees ascend, the topics evolve from rules to values, from black-and-white issues to shades of grey. The program helps employees understand ethical decision-making in the context of the company’s values and business objectives.

3.1.5 Training Translates into Ethical Behaviour

All new hires must complete the on-line course within 90 days, as a condition of employment, and existing employees must take a refresher course every, couple of years. All employees, from senior executives to those loading trucks, must take the Web-based ethics training module. In addition, a manager-training program focuses on the need to look for warning signs of employees being pressured or otherwise subjected to influences that could lead to unethical activity.

In order to ensure that the training translates into ethical behaviour on the job, employees are evaluated on how well they model the behaviour outlined in the company's ethical code of conduct. And although it is difficult to measure results in terms of numbers or dollars, the company’s manager of ethics and audit services believes that the program has paid handsome dividends.

3.1.6 Understanding Ethical Issues

When employees’ managing performance through training and development understand ethical issues and concerns, they are able to face situations more proactively. Ethics also plays an important role in the company's financial success.

In 2005: Molson Coors was awarded the Optimal Award for Ethical Practice from Workforce Management magazine for Ethical Practice from Workforce Management magazine for “implementing a customised program that has directly affected the way employees perceive their work and do their jobs".

Molson Coors Brewing Company is a good example of the role and importance of training and development in an organisation. The company's ethics training program ensures that employee behaviour is consistent with the company's values and culture. It is also an excellent example of how to design and implement an effective training and development program.

3.2 Investment in Human Capital

It is not hard to understand now investments in human capital and training can improve an organisation's success and competitiveness. But have you ever considered how the training of employees can impact your life? Consider the emergency landing of an Air Transat Airbus on an island in the Atlantic Ocean on August 24, 2001. With both engines dead and the lives of 293 passengers and 13 crew members on Flight 236 at stake, the pilots successfully made an emergency landing after gliding for 19 minutes without power.

The loss of power was due to a fuel leak in the right engine that caused it to shut down. A chafing fuel line on the right engine, which had recently been replaced, leaked during the flight. Although there was a leak in the right engine causing a loss of fuel, the left engine should have been sufficient to keep the plane in the air. However, fuel from the undamaged left engine tanks was pumped to the leaking right side, where it was dumped overboard. This led to a loss of fuel in the left engine, which then caused it to lose power as well. The Airbus would have been able to fly safely with just the left engine operating had its fuel not been pumped to the leaking right side.

3.2.1 Training Required Prevents Near-Disaster

According to Airbus, the maker of the twin-engine A330, Air Transat improperly reconnected the main fuel line to the aircraft's right-side engine when it was changed four days before the near-disaster. The fuel line was reconnected to the right-side engine four days before the near-disaster. The fuel line to the right-side engine chafed against a hydraulic pipe that eventually cracked and created the fuel leak. Air-safety investigators also blamed faulty mechanical work by Air Transat mechanics as the cause of the fuel leak that led to the near-catastrophic emergency landing.

Disaster was averted only by a skilled emergency landing by the pilots, who were hailed as heroes for safely landing the plane.

However, one of the pilots, Captain Robert Piche, denied being a hero, stating that landing a plane with no engine is “what you train for.”

Transport Canada fined Air Transat $250,000 and ordered the airline to provide pilots and flight crews with special training on fuel management and emergency landings. Senior Transport Canada officials and Air Transat top management agreed that the airline's pilots would take special training sessions. Air Transat also provided Transport Canada with a corrective-action plan to improve the performance of maintenance that included human-factors training for all technical personnel.

In 2004, the official report into the incident concluded that the emergency landing could have been avoided if the pilots had followed established fuel leak procedures. Accident investigators determined that a fuel leak was turned into a near-disaster because the pilots failed to determine the problem and then tried to correct it from memory rather than by following a computer checklist which would have warned them of the possibility of a fuel leak. The pilots believed the problem was a fuel imbalance so they pumped tonnes of fuel overboard. According to the report, the crew did not correctly evaluate the situation before taking action. At the time, there was no adequate training for the pilots in dealing with a catastrophic fuel leak, because it was considered a remote possibility.

Although we cannot say that inadequate training was the cause of this near-disaster, we do know that training was required in order to prevent a similar incident from happening again. We also know that experience and training had a lot to do with the pilot's ability to safely land the plane. Air Transat has since reviewed its training programs and enhanced its maintenance and flight operations procedures. Its pilots are now required to attend a new training program on the procedures for overseas flights, which includes a review of fuel management. In 2005, Air Transat agreed to a settlement of $7.65 million to a group of passengers who were aboard Flight 236 and had filed a class-action lawsuit against the airline.

This is just one of many examples illustrating how the training of employees affects our lives in ways that we are unaware of and seldom if ever think about. Did you know, for example, that aircraft flying over Canada have nearly collided or come too close to each other at least four times since 1997? Reports indicate that, besides failing to go through the proper checklists before ending their shifts, air traffic controllers are not adequately trained.

And do you remember the worst subway accident in Canadian history on August 11, 1995, in which three people were killed and about 140 others injured in Toronto when two trains collided? The subway operator, who was only on his second shift, admitted he was not ready to operate the train. Although he had successfully completed the 12-day subway training course, he had wanted more instruction behind the controls and was not sure he was ready to operate the train. At an inquest into the accident, he said, "I really didn't understand a lot of this stuff; I really didn't understand the mechanics of the train." Since then, the Toronto Transit Commission (TIC) has made many changes, along with others, have made the TTC one of the safest transit systems in North America.

3.2.2 The Critical and Adequacy of Training

Finally, the importance and adequacy of training have recently become an issue for the country's RCMP officers (Royal Crown Mounted Police) following the killing of four young officers in Alberta in March 2005. A recent report by Canada's auditor general found that inadequate incomplete training of the country's RCMP officers threatens to compromise public safety. Only 6.2 percent of the national police force's officers completed all of these mandatory training requirements in 2004, a dramatic drop from 57 percent in 2003. Furthermore, newly graduated RCMP cadets do not always spend the required fist two months on the job paired with a senior officer or receive the six months of coaching they are supposed to receive once they begin active duty. The report concluded that, "Gaps in training, qualification, and certification may affect the health and safety of peace officers and the public."

As we have seen, employees who are poorly trained can make mistakes and cause accidents that threaten the public's safety and well-being as well as the employee's own safety. And while these examples are among the most extreme, it is important to recognise that poorly trained employees produce defective products and provide poor service. Thus, training is of vital concern not just to employees and their organisations, but for all of us who purchase goods and services every day of our lives.

All new hires must complete the on-line course within 90 days, as a condition of employment, and existing employees must take a refresher course every, couple of years. All employees, from senior executives to those loading trucks, must take the Web-based ethics training module. In addition, a manager-training program focuses on the need to look for warning signs of employees being pressured or otherwise subjected to influences that could lead to unethical activity.

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3.2.3 Understanding Ethical Issues

When employees' managing performance through training and development understand ethical issues and concerns, they are able to face situations more proactively. Ethics also plays an important role in the company's financial success.

SELF-ASSESSMENT EXERCISE

i. How can an employee critically analyse situation as part of a strategy of "prevention rather than 'investigation" as read in the case studies in this unit?
ii. How do employees managing performance through training and development handle sensitive ethical issues?
iii. In what way can be made possible for training to translate into ethical behaviour?

4.0 CONCLUSION

For an organisation's success and competitiveness are highly dependent on employees' continuous learning and education. In fact, continuous learning and education have become critical to the success of individuals and organisations. Whether an organisation is adopting new technology, improving quality, or simply trying to remain competitive, training and development is a critical and necessary part of the process. A report by The Conference Board of Canada on learning and development in Canadian organisations noted that continuous learning and the transfer of knowledge are key factors in fostering creativity and promoting organisational excellence. Not surprisingly, training and education is one of the distinguishing characteristics of the best companies to work for in Canada.

5.0 SUMMARY

It should not surprise anyone that organisations today invest millions of dollars each year on training and development. This course material, will teach you about the exciting world of training and development and how to design, the topic of training and development and describe the training and development process. We begin with a discussion of performance management, since training and development is first and foremost all about managing performance in organisations.

6.0 TUTOR-MARKED ASSIGNMENT

i. What is Human Capital and why is it important in HRM?
ii. What is development and why is it relevant in career progression?
iii. What are the goals of Strategic Human Resources Management (SHRM)?

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MODULE 4

UNIT 1 RECRUITMENT AND RETENTION

CONTENTS

1.0 INTRODUCTION

In this unit, we will be reading a lot about recruitment and retention through retraining and development of personnel and also the benefits for society that extend beyond the workplace. The training and development that organisations provide their employees also helps to create an educated and skilled population that benefits the economy and our standard of living. The knowledge and skills that employees receive through workplace training help to create an educated and skilled workforce. For example, some organisations offer literacy and numeracy training for employees who did not obtain them through regular educational channels but who require them to perform their jobs. This training also enables employees to function more effectively in their daily lives and therefore has a number of societal benefits.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the meaning of issues assessment process, the terms performance management, training and strategic development
- describe the organisational, employee, and societal benefits of training and development
- discuss the intrinsic, extrinsic benefits of training to employee and state its benefit to society, educational population and standard of living
- identify the role of high-performance, team-based, customer-oriented culture in personnel management
- explain the meaning of strategic human resources management (SHRM) and strategic training and development
- state the importance of training grant and investment in training and development of employee towards achieving organisational effectiveness.

3.0 MAIN CONTENT

3.1 Employee Recruitment and Retention

Training can be used by organisations to increase their attractiveness to prospective employees and to retain their current employees. For many organisations today, training is the number one attraction and retention tool.

3.1.1 Strategy and Training (A case study of Quebecor World Inc.)

Quebecor World Inc. is one of the' world's largest commercial printers. Based in Montreal it has 130 printing facilities located in 17 countries and employs 31, 000 people. In 1998, the company embarked on the largest training initiative the organization had ever attempted. After extensive research and a year-long assessment, the company identified some strategic and pressing business realities. The printing industry had undergone some dramatic changes in a short period of time. Gaining a competitive advantage was no longer measured in months and weeks, but in hours and minutes and the company was no longer able to compete on price and quality alone.

3.1.2 Issue Assessment Process

As a result of the assessment process the company determined that customer service was the most important issue on which to focus, and the key to gaining a competitive advantage and differentiating itself from its competitors. This led to the development of the company's All Star Customer Service training program. The goal of the program was to educate the firm's North American customer service and account representatives in world-class customer service skills.

3.1.3 High-performance, Team-based, Customer-oriented Culture

The program's objectives included improving their understanding of customers' needs, improving account management skills, and creating a high-performance, team-based, customer-oriented culture.
The nine-day program consists of three intensive three-day sessions with no more than 25 participants per session. During one of the session, employees participated in a team-building cooking exercise in which customer service representatives must design, prepare, and serve a banquet meal within two hours, without any instruction. The exercise compelled employees to work together to come up with focused solutions in a short time.

The program also includes role includes role-play situations between "plant employees" and "customers" A low-ropes exercise requires trainees to climb over a 15-foot wall. Trainees must also make presentations to senior managers about what they have learned and how they will apply it at work. Upon completion of the program, trainees evaluate the program and receive a certificate for completing it.

The training program helped Quebecor World Inc. gain a competitive advantage by achieving word-class customer-service skills that have increased customer satisfaction, decreased turnaround time, lowered the cost of errors, and improved internal and external communications. It has received superb feedback within the company and national recognition in the United States. In 2001, workforce management magazine awarded the company its Optimas Award in the Competitive

Advantage category and in 2006, Wal-Mart named Quebecor "Customer Service Supplier of the Year"

An organisation that fails to provide training opportunities to its employees will be at a disadvantage in attracting new employees and retaining current ones. In one study, some percent of the respondents said that there are job areas in which training would be useful to them, and in which training decreases their willingness to move to another company.

Many organisations offer extensive training and development opportunities to retain employees. For example, at Delta Hotels and Resorts, employees are guaranteed ongoing training. If an employee does not receive proper training, he or she can claim an extra week's salary. About 30 employees a year receive an extra week's salary.

Not surprisingly, Delta has an employee retention rate of 89 percent, which is considered one of the best in the hospitality industry. In addition, hotel-school graduates are attracted to Delta because of the training they will receive retention rate of 89 percent, which is considered one of the best in the hospitality industry.

In addition, hotel-school graduates are attracted to Delta because of the training they will receive.

3.2 Employee Benefits

Training and development also has benefits to employees. The benefits to employees can be categorised as those that are internal or intrinsic to an individual, such as knowledge and attitudes, and those that are more external to individuals and are extrinsic benefits.

3.2.1 Intrinsic Benefits

Employees who are trained to benefit by acquiring greater knowledge and skills that enable them to perform their jobs better. In addition to improving their knowledge and skills, trained employees also develop higher confidence or self-efficacy in their ability to perform their job. They describe feelings of increased usefulness and belonging in the organisation, and they seek out opportunities to fully exploit their new skills and abilities. Trained employees also have more positive attitudes toward their job and organisation.

3.2.2 Extrinsic Benefits

In addition to the intrinsic benefits that reside within employees, there are also extrinsic benefits associated with training. Extrinsic benefits include things such as higher earnings as a result of increased knowledge and skills, improved marketability, greater security of employment, and enhanced opportunities for advancement and promotion. A number of studies have found that company-sponsored trained programs increase workers' wages by 4 to 11 per cent.

Clearly, employees who have greater knowledge and skills as a result of training will have more and better work-related opportunities and those who work for organisations that provide extensive training are at an advantage compared to those who work for organisations that do not provide very much training.

3.2.3 Societal Benefits

Training and development also has benefits for society that extend beyond the workplace. The training and development that organisations provide their employees also helps to create an educated and skilled population that benefits the economy and our standard of living.

3.2.4 Educated Population

The knowledge and skills that employees receive through workplace training help to create an educated and skilled workforce. For example, some organisations offer literacy and numeracy training for employees who did not obtain them through regular educational channels but who require them to perform their jobs. This training also enables employees to function more effectively in their daily lives and therefore has a number of societal benefits.

Employees who have participated in organisation-sponsored training programs report using their new skills to better manage their personal lives. They are more likely to be able to read instructions for assembling products and to be able to calculate bills and expenses. They are also more likely to be able to find employment if they are laid off or their employer closes a plant.

3.2.5 Standard of Living

The key to a country's standard of living, incomes, and overall prosperity are its productivity and productivity growth. Canada currently lags behind the United States in its productivity performance. There are a number of ways to improve productivity, and one of them is by improving the education and skills of the workforce. An improvement in Canada's productivity will have a positive effect on the economy and our standard of living.

The federal government spends billions of dollars annually on education and training because it sees a strong link between an educated workforce and a high-wage economy. Higher corporate training investments also lead to the creation of jobs.

Given the benefits of training and development, you might be wondering about the benefits that Canadian workers receive from training and development. Obviously, this depends on the extent to which Canadian organisations invest in training and development, the topic of the next section.

3.2.6 Training and Development in other Commonwealth Nations

In order to reap the benefits of training and development, organisations must invest in it. Canadian organisations, however, have tended not to be leaders when it comes to investigating in training and development. In fact, Canadian employees receive, on average, only i8 hours of training a year. The most training is received by professional and technical employees (34 hours) while trades (19 hours) and non-technical employees (20 hours) receive the least. Employees in primary industrial (34hours) receive the most training (31.5 hours) than those in small (21 hours) or large (25 hour) organisations.

According to The Conference Board of Canada, Canadian organisations under-invest in training and development. For example, the total average investment in training and development across all industries in Canada was reported to be $4.9 million in 2004. In the United States, organisations spend approximately $51 billion a year on formal training programs. Canadian organisations also lag when it comes to the amount spent on training per employee, which has remained relatively static over the past decade. In 2004, the total average direct investment in training per employee was $914 compared to $824 in 2003, $838 in 2002, $859 in 2000, $798 in 2001, $776 in 1998, and $842 in 1996. By comparison, organisational spending on training and development per employee in the United States increased from $1,072 (Cdn) in 1999 to $1,115 'in 2000, and $1,135 in 2001 and 2003. In addition, the average investment in training as a percentage of payrolls in Canada has remained constant at around 1.75 percent compared to 2.34 per cent in the U.S.

These findings suggest that the gap between Canadian and U.S. organisations in training investments appears to be increasing, and that a plateau in Canadian training investment might have been reached, as the amounts invested by the country's organisations have remained relatively stable over the past decade. In other words, Canadian organisations may not be willing to invest much more in training and development. In fact, most organisations (sixty two percent) expect their training investments to remain the same in the next year.

Canadian organisations also spend less on training and development than organisations in other areas of the world including Europe, Asia, Africa and the Pacific Rim.

A report by The Conference Board of Canada concluded that this under-investment in training and development might lead to a gap in essential knowledge and skills, and if Canadian organisations are going to be able to compete effectively, they must increase their investments in training and development.

Given the many benefits of training, it is surprising that Canadian organisations invest less than those in other developed countries. It may be that training is not considered a high priority in Canadian organisations. In fact, Canada currently ranks 20th out of 60 countries in its ranking of employee training as a high organisational priority, behind countries such as Finland (ranked number 1), Denmark, and Japan but just ahead of the United States which ranked 23.

All this is not to say that there are no Canadian organisations that do invest heavily in training and development. In fact, The Conference Board of Canada found that one in five organisations invest more than 3 percent of their payroll in training. Scotia bank, for example, investments $47 million a year in training and education. Employees can receive tuition assistance, language training, and on-line programs for upgrading their skills. In addition, managers receive training on leadership skills and coaching techniques.

3.2.7 Training Investment by other Institutions

BMO Bank of Montreal, for instance, invests an average of $1,800 a year in training per employee, which is more than double the national average, and provides a minimum of seven days of training a year.

At Labatt Breweries of Canada, employee, which is more than double the national average, and provides a minimum of seven days of training a year. At Labatt Breweries of Canada, employees from all areas attend beer school to learn how beer is made and to gain a greater knowledge of, and appreciation for, the company's products.

And as indicated in the unit earlier, opening vignette, Molson Coors Brewing Company is a leader when it comes to ethics training.

In order to get more companies to invest in training, the government of Quebec enacted legislation in 1995 that requires companies with payrolls of more than $1 million to spend 1 percent of their payroll on government-sanctioned training or pay that amount into a provincial fund.

3.2.8 Taking a look at other Countries Payroll Training Legislation

(A case study of Quebec)
Companies in Quebec with payrolls over $1 million are required by law to spend 1% of their payroll on training or pay a training tax. They must also carefully document their training activities and complete government forms every February. Some have complained that the process is too complicated and choose to pay the tax rather than complete the forms even if they are providing some training.

The main aspects of the legislation are as follows:

(a). every February, companies must file paperwork in which they indicate how they spent 1 % of their total payroll on training
(b) if they have not spent at least 1 % of their total payroll on training, they must pay the difference to the government, and that money is then used to fund training programs in companies that have invested at least 1 % in training
(c) companies must use accredited training bodies, instructors, and services that follow a code of ethics. All types of training are eligible.
(d) general information about the participation of employees in training exercises must be provided
(e) companies that meet the 1% training investment can apply, for, provincial training grants.

3.2.9 Using Training in Provision of Training Grants

Training is used to provide training grants to companies that do invest at least 1 percent. This is the only payroll training tax in North America and is believed to be having a positive influence on employee training in Quebec. In fact, research conducted by the authors of this text for the Quebec firms that there are subjects to the law do invest considerably more in training than firms that are exempted from the law, and firms in Quebec spend more on training than firms in Ontario, where there is no training tax legislation. Furthermore, the average firm in Quebec spends considerably more than the minimum 1 % required by law.

Although Quebec is the only jurisdiction in North America to have a training tax, countries such as France, Denmark, Singapore, and Brazil have legislated levies to promote training. France introduced a training tax in 1971 and the rate of training has doubled to 1.5 % of payrolJ.37 To find out how the legislation works in Quebec, see The Trainer's Notebook I, "Quebec's Payroll Training Legislation."

SELF-ASSESSMENT EXERCISE

i. What are the remote and immediate cost and effect of an organisation that fails to provide training opportunities to its employees?
ii. Why do some organisations offer extensive training and development opportunities to retain employees?
iii. Why is it that Delta Hotel & Resort has an employee retention rate of 89 percent, which is considered one of the best in the hospitality industry? In addition, why is it that hotel-school graduates are enthusiastically attracted to Delta, than their competitors?

4.0 CONCLUSION

Information about training and development in Canada is summarised in this unit. This information will enable you to compare your organisation and training experience against others. This information also highlights some differences in training across job categories and industries. For example, a quick glance shows that those with advanced skills and positions receive the most training. Training in Canadian organisations in the technology/communications and financial services sectors are among the top investors in training and development.

5.0 SUMMARY

These findings suggest that the gap between Canadian and U.S. organisations in training investments appears to be increasing, and that a plateau in Canadian training investment might have been reached, as the amounts invested by the country's organisations have remained relatively stable over the past decade. In other words, Canadian organisations may not be willing to invest much more in training and development. In fact, most organisations (62 percent) expect their training investments to remain the same in the next year.

Canadian organisations also spend less on training and development than organisations in other areas of the world including Europe, Asia, Africa and the Pacific Rim.

A report by The Conference Board of Canada concluded that this under-investment in training and development might lead to a gap in essential knowledge and skills, and if Canadian organisations are going to be able to compete effectively, they must increase their investments in training and development.

6.0 TUTOR-MARKED ASSIGNMENT

i. What are the benefits that Training and Development would have to employees and organisational effectiveness?
ii. Besides, improving their knowledge and skills, does trained employee also develop self-efficacy in their ability to perform the job?
iii. What are the intrinsic benefits of training to the employees?
iv. What are the extrinsic benefits of training to the employees and the society?
v. Does this in any way benefit the society and impact on our standard of living and education population? Explain.

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UNIT 2 HIGH PERFORMANCE WORK SYSTEM (HPWS) AND INSTRUCTIONAL SYSTEM DESIGN (ISD)

CONTENTS

1.0 INTRODUCTION

High-performance work systems are influenced by environmental and organisational factors. Environmental factors such as legislation, the economic climate, competition, demographics, and social values have an impact on organisations. For example, if a competitor introduces a lower priced product, the organisation will have to decide whether to match the competitor's actions or compete in other ways, such as providing superior service. This strategic decision will in turn affect costs, the ability to pay employees, or the necessity to train and reward employees for effective performance. Events and concerns inside and outside an organisation can lead to the need for new knowledge, skills, abilities, and training programs. In this unit, we shall study the described approach and the concept to the instructional system design (ISD) and training and development that set the stage for the remainder of the text. In particular, we describe a systems approach to training and development that is known as the instructional systems design (ISD) model.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- understand instructional systems design (ISD) model and its application to real life
- explain the terms need analysis, training designand performance management, training, and training evaluation and development
- describe the organisational, employee, and societal benefits of training and development
- discuss why and how to conduct an organisational analysis, a task analysis, and a person analysis as appropriate
- identify the role of the environmental and organisational context of training and development.

3.0 MAIN CONTENT

3.1 ISD Concept and Model of Training and Development (MTD)

Development (MTD)
The Instructional systems design model of training and development depicts training as a rational and scientific process that consists of three major steps:

- training needs analysis,
- training design and delivery, and
- training evaluation.

The process consists of an analysis of current' performance and ends with *improved performance.*

The process begins with a performance gap or an itch. An itch is something' in the organization that is not quite right or is of concern to someone. Perhaps customer complaints are too high, quality is low, market share is being lost, or employees are frustrated by management or technology. Or perhaps there is a performance problem that is making it difficult for employees or departments to achieve goals or meet standards. If some part of the organisation itches, or is not satisfied with the performance of individual employees or departments, then the problem needs to be analysed.

3.1.1 Need Analysis

A critical first step in the instructional systems design model is a *needs analysis* to determine the nature of the problem and if training is the best solution. A needs analysis is performed to determine the difference or gap between the way things are and the way things should be.

Needs analysis consists of three levels known as:

- an organisational analysis
- a task analysis, and
- a person analysis.

Each level of needs analysis is conducted to gather important information and translation about problems and the need for training. An organisational analysis gathers information on where training is needed in an organization; a task analysis indicates what training is required; and a person analysis identifies who in the organisation needs to be trained.

3.1.2 Solution to Performance Gap

Based on the data collected from the manager, employees, customers, and/or corporate documents, strategies for closing the gap are considered.

Before training is determined to be the best solution to the problem, alternatives must be assessed. The solution to the performance gap might be:

(a) feedback
(b) incentives or
(c) other human resource interventions.

If training is determined to be the best solution, then objectives-or measurable goals-are written to improve the situation and reduce the gap. The needs analysis, the consideration of alternative strategies, and the setting of objectives force trainers to focus on performance improvement, not the delivery of a training programme. Training is only one solution-and not necessarily the best one-to performance problems.

If training is the solution to a performance problem, a number of factors must be considered in the design and delivery of a training program. The needs analysis information and training objectives are used to determine the content of a training programme. Then the best training methods for achieving the objectives and for learning the training content must be identified. Other design factors, which are described in this unit, must also be considered in the design and delivery of a training program in order to maximise trainees' learning.

3.1.3 Training Evaluation

After a training program has been designed and delivered, the next stage is training evaluation. The needs analysis and training objectives provide important information regarding what should be evaluated in order to determine if a training program has been effective. Some of the critical evaluation questions include: Did the training program achieve its objectives? What did employees learn? Did employees' job performance improve? Is the organisation more effective? Was it worth the cost?

3.1.4 Purpose of all Training and Development Efforts

The purpose of all training and development efforts is ultimately to improve employee performance and organisational effectiveness. Thus, it is important to know if employee job performance has changed and if the organisation has improved following a training program. In this stage, the trainer has to decide what to measure as part of the evaluation of a training program as well as how to design an evaluation study. On the basis of a training evaluation, decisions can be made about what aspects of a training program should be retained, modified, or discarded.

Figure 2.1 presents a simplified version of the instructional systems design model of training and development. As we have described, each stage leads into the subsequent stage with needs analysis being the first critical step that sets the stage for the design-and-delivery and evaluation stage. P 1 so notice that there is feedback loops from evaluation to needs analysis and training design and delivery. This indicates that the process is a closed-loop system in which evaluation feeds back into needs analysis

3.2 The Instructional System Design Model of Training and Development

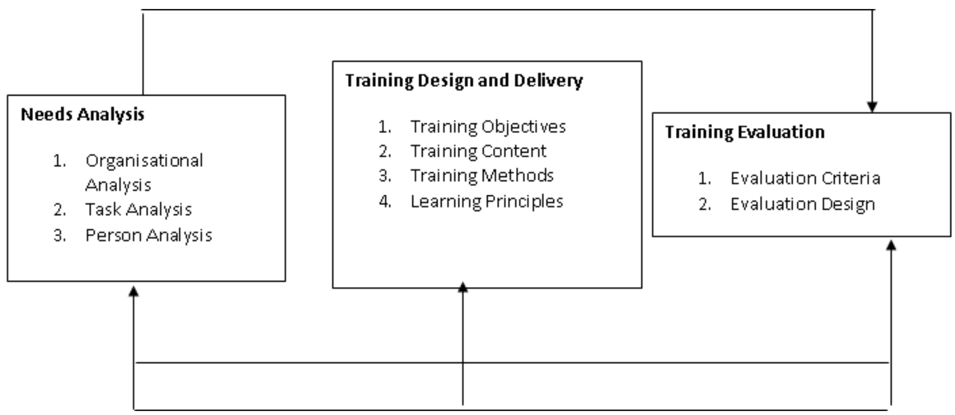

Fig.2.1: Source: BMO instructional System Design Model of TR&D, CBC. 2009-p.117

Figure 2.1 presents a simplified version of the instructional systems and training design and delivery. In this way, it, is possible to know if performance gaps identified in the needs analysis stage have been closed, and if changes are required in the design and delivery of training programs are continuously modified and improved on the basis of training evaluation.

3.2.1 ISD Model Approach for M T and Development

Although the ISD model is considered to be the best approach for managing the training and development process, in reality many organisations do not allow all of the steps of the ISD model. In other words, many organisations do not conduct a needs analysis, they implement training programs that are not well designed, and they do not evaluate their training programs. There has also been some criticism waged against the ISD model in recent years among professionals in the training industry who have seriously challenged its usefulness. However, if used correctly it remains the best approach for managing the training and development process. Training programs often fail because they have ignored an important step in the process such as conducting a thorough needs analysis.

We will have more to say about each of the stages of the training and development process as they are covered in the remainder of the text. For now, you should understand the ISD model and the sequence of activities that are involved in the training and development process. Students should learn more about how to apply the ISD model.

3.2.2 The Application of the ISD Model

The instructional systems design model begins when somebody identifies a performance gap in the organisation. According to the ISD model, the recognition of a performance gap should lead to the following sequence of activities.

1. Conduct an organisational analysis to investigate the performance gap and determine if training is a possible solution (when the cause of the problem is a lack of knowledge or skills).
2. If training is a possible solution, conduct a task analysis in order to determine how the job or jobs in question should be performed and the things that a skilled employee must know and be able to do.
3. Conduct a person analysis to determine how employees currently perform the job compared to how they should perform and how best to train them (e.g., training methods).
4. Design a training program using those methods and approaches that will be most effective to train employees who require training. Include specialists in various media and methods to assist in developing training material.
5. Develop and fine-tune the program. Pilot test it and revise as needed.
6. Deliver the program to its intended audience.
7. Monitor and evaluate the program and its results on an ongoing basis. The program is considered a success if the original performance gap is closed or replaced and if correcting the problem costs less than the cost.

An interrelated system of HR practices and policies that typically includes rigorous recruitment and selection procedures, performance-contingent incentive compensation, performance management, a commitment to employee involvement, and extensive training and development programmes.

Although we have been discussing training and development as an independent activity, the reality is that training and development are embedded within a large environmental and organisational context as well as a human resources system. As shown in Figure 2.1 training and development are part of a high-performance work system (HPWS).

3.2.3 High-performance Work Systems

Consist of an interrelated system of HR practices and policies that typically includes rigorous recruitment and selection procedures, performance contingent incentive compensation, performance management; a commitment to employee involvement, and extensive training and development programs. An increasing number of studies have found that organisations with high-performance work systems have superior productivity and financial performance.

High-performance work systems are influenced by environmental and organisational factors. Environmental factors such as legislation, the economic climate, competition, demographics, and social values have an impact on organisations. For example, if a competitor introduces a lower priced product, the organisation will have to decide whether to match the competitor's actions or compete in other ways, such as providing superior service. This strategic decision will in turn affect costs, the ability to pay employees, or the necessity to train and reward employees for effective performance. Events and concerns inside and outside an organisation can lead to the need for new knowledge, skills, abilities, and training programs.

Sometimes sudden and unexpected changes in the environment can lead to changes in organisations and human resources policies and practices. For example, consider how the terrorist attacks in the United States on September 11, 2001, affected airport and flight security training. The Transportation Security Administration in the United States developed new guidelines for the training of baggage screeners and flight crews and made airport security fully federalised.

The training of baggage screeners now includes technical training on metal detectors, X-ray scanners, bag searching, and how to deal with difficult passengers and manage stress. Training was increased to 40 hours of classroom training and 60 hours of on-the-job training. Pilots and flight attendants receive training on how to assess and react to dangerous situations. Other changes in training following the terrorist attacks included a shift to distance technologies and e-learning and an increase in training programs on diversity, security, stress management, and change management. The Training Today 2 feature describes how terrorism has resulted in counterterrorism training programs in Canada.
Below, we discuss how changes in specific environmental and organisational factors can impact training and development.

3.2.4 Terrorism in the US and the Environmental Context of TRD

Some of the key environmental factors that drive human resources and training and development are global competition, technology, the labour market, and change.

After the terrorist attacks in the United States on September 11, 2001 cities such as Toronto responded with improved equipment and co-ordination among police, fire, and medical staff and training at a new counterterrorism centre at Canadian Forces Base (CFB) Suffield.

CFB Suffield is the only place within NATO where troops can train outside with live chemical agents, one reason it recently attracted a Toronto emergency response team and a group of U.S. Marines that then went on duty in Afghanistan.

3.2.5 Counterterrorism Training and RTD Program

On a base once known as a secretive centre for biological and chemical warfare research, located on a section of windswept and barren prairie the size of Prince Edward Island in southeast Alberta, Municipal emergency response teams are practising for bio-terrorist attacks as part of a counterterrorism training program.

Toronto dispatched a group of police, firefighters, and paramedics to Suffield, where they handled the liquid form of sarin and mustard gas in a series of simulated terrorist attacks design to replicate a chemical assault on a major Canadian city. Ottawa – Carleton and Calgary have also performed this type of exercise.

Wearing sealed protective suits and respirators under the searing sun, the Toronto units practiced detecting and decontaminating the blistering agent, and treating mass casualties after a mock terrorist attack.

In another exercise, they handled liquid sarin at a simulated terrorist lab after a mock leak. The nerve agent was made famous when terrorists used it in a gas form during a 1995 attack on the Tokyo subway system.

In addition to a mock terrorist lab, the base has a plane, bus; 'and post office as well as a mock subway station to replicate possible terrorist targets for training purposes. Several federal government reports have cautioned in recent years that cities were ill-prepared to respond to a commercial chemical accident, while almost none were prepared for a chemical or biological attack.

This is a good example of how changes in the environment can have a direct effect on the training of employees.' 'Prior to September 11, 2001, the type of training place at CFB Suffield would not have been considered for Canadian cities. However, the terrorist attacks of September 11 have created a strong need for this type of training.

3.2.6 Goal Competition

Increasing global competition has forced organisations to improve their productivity and the quality of their goods and services. Improvements in the production process and quality initiatives almost always require employees to learn new skills. Furthermore, when Canadian organisations send workers on assignments in foreign countries, they need to provide them with cross-cultural training so they will be able to adapt and function in a different culture. Thus, global competition can require numerous changes to human Fe-source practices and the need for training and development.

Technology has had a profound effect on the way organisations operate and compete. New technologies can provide organisations with improvements in productivity and a competitive advantage. However, such improvements depend on the training that employees receive. Technology will only lead to productivity gains when employees receive the necessary training to exploit the technology. Thus, the adoption of new technologies will have a direct impact on the training needs of employees who will be required to use the technology.

3.3 The Labour Market

Changes in the labour market can have a major effect on training and development. For example, consider the impending shortage of skilled labour in Nigeria. It has been estimated that a critical shortage of skilled workers in Nigeria could reach one million by the year 2020. To deal with this looming crisis, the country will have to change its approach to education and training. If organisations cannot hire people with the necessary knowledge and skills, they will have to provide more training if they are to compete and survive. Changes in the labour market and the supply of labour will require changes in the amount and type of training.

3.3.1 Change in Technological Revolution and Increasing Globalisation

The technological revolution, increasing globalisation, and competition have resulted in a highly uncertain and constantly changing environment. In order to survive and remain competitive, organisations must adapt and change. As a result, managing change has become a normal part of organisational life, and training and development is almost always a key part of the process. This often involves training programs on the change process as well as training that is part of the change program. For example, if an organisation implements a change program that involves a team-based work system, then employees will require team training.

3.3.2 The Organisational Context of Training and Development

As indicated in Figure 2.1, training and development are influenced not only by external factors but also by internal events within the organisation. Among the most important internal factors are strategy, structure and culture.

3.3.3 Strategy

Strategy is one of the most important factors influencing training and development. As indicated earlier, training and development can help an organization achieve its strategic objectives and gain a competitive advantage when it is aligned with an organisation's strategy. The alignment of human resources practices with an organisation's business strategy is known as strategic human resources management (SHRM). Organisations that have greater alignment between their HR practices and their strategies tend to have superior performance.

Training is strategic when it is aligned with business strategy and therefore enables an organisation to achieve its strategic goals and objectives. Whether an organisation has a strategy for quality, innovation, or customer service, training as well as other human resources practices must be designed to reinforce and support the strategy.

For example, if an organisation decides to improve customer service or product quality, then employees will require training in order to learn how to provide better service or improve product quality. If an organisation's strategy is to grow as rapidly as possible, then employees need to be trained in the management of mergers, acquisitions, joint ventures, and international ventures. All these growth components necessitate the building of new skills, and training is required to do this; for example, Quebecor World Inc. (See *Training Today 1*) determined that customer service was a key strategy and this led to the Allstar training programme, which was a critical factor in implementing its strategy.

Thus, strategy is often a key factor driving the need for and type of training and development in organisations. By linking training to business strategy, training becomes strategic rather than an isolated and independent activity and as a result, it is more likely to be effective. In fact, there is some evidence that training can lower an organisation's market value when it is not strategically focused.

Figure 2.1 depicts the role that strategy plays in the training and development process. The model shows how an organisation's business strategy will have implications for its HRM strategy. The HRM strategy will then influence the organisation's strategy for learning and training which will determine the type of training and development activities and programs required.

3.3.4 Structure

The Structure of an organisation also affects training and development activities as organisations are increasingly becoming flatter, with fewer levels of management. Employees are expected to perform tasks that were once considered managerial tasks and so they must be trained in traditional managerial activities such as problem solving, decision making, team work, and so on. Many organisations have experienced dramatic structural changes to an organisation's structure often lead into changes in employees' tasks and responsibilities

3.3.5 Culture

The culture of an organisation refers to the shared beliefs, values, and a~s'1mptions that exist in an organisation. An organisation's culture is important because it determines the norms that exist in an organisation and the expected behaviours. The culture of an organisation, along with the norms and expected behaviours, are often communicated to employees through training programs. For example, the ethical practices of Molson Coors Brewing Company, which are deeply ingrained in the company's culture and are visible in the employees' day-to-day behaviour, are communicated to employees through the company's ethics training programs. The company's training programs reflect a culture of integrity and the importance of acting in an honest and trustworthy manner based on business ethics and moral conviction. Thus, its training programs are consistent with the company's core values and are a catalyst for achieving its business goals. In this unit you will learn about a learning culture and its effect on learning and training.

3.3.6 Human Resources Management System

The human resources management system and other human resources functions also influence training and development in organisations. In fact, in addition to being linked to business strategy, human resources practices should also be aligned and linked to each other. Thus, strategic human resources management involves two kinds of links. First, human resources practices should be linked to business strategy as discussed earlier. Second, human resources practices should be linked to each other so they work together to achieve an organisation's strategy. In this regard, what is most important is not individual HRM practices and policies but rather, the entire system of HRM practices.

3.4 Achieving Objective HRMS

The objective of human resources management is to attract, motivate, develop, and retain employees whose performance is necessary for the organisation to achieve its strategic objectives. The human resources management system accomplishes this through the provision of policies, guidelines, and practices such as HR planning, recruitment and selection, orientation, training and development, performance appraisal, compensation and benefits, health and safety, and employment equity. In combination, these practices form an integrated and tightly linked HRM system or what we described earlier as a high-performance work system.

Each function should be aligned with the others so they work in concert towards the organisation's strategic objectives. For example, if an organisation's strategy is to provide excellent customer service, then the organisation will need to hire employees who have the skills required to interact with customers; they will need to train employees on how to provide excellent customer service; they will need to evaluate employees' customer service behaviour and performance; and they will need to reward employees for providing excellent customer service.

3.4.1 Aligning T & D with an Organization's Business Strategy and HRMS

In summary, external factors influence an organisation's strategy, structure, and the way human resources are managed, and these factors in turn influence the design and delivery of training and development programs. Training and development should be tightly aligned with an organization's business strategy and the human resources management system. In other words, there should be a good fit between strategy and training and development, and between training and development and other HRM practices. In. this way, training and development is strategic and an important part of a high-performance work system that can improve individual performance and ultimately organisational effectiveness. Thus, the model in Figure 2.1 not only explains the context of building and development, but it also helps us to understand the link between training and development and organisational effectiveness.

SELF-ASSESSMENT EXERCISE

i. How can training and development (T &D) be made to help an organisation achieve its strategic objectives?
ii. What is strategic human resources management and can it enable superior performance?
iii. In what way can training be made to be strategic and what important achievement can it have?
iv. Why should HR Professionals conduct an organisational analysis?
v. When and why conduct task analysis?
vi. What is the essence of conducting a person analysis and its ultimate intention?

4.0 CONCLUSION

The objective of human resources management is to attract, motivate, develop, and retain employees whose performance is necessary for the organisation to achieve its strategic objectives. The human resources management system accomplishes this through the provision of policies, guidelines, and practices such as HR planning, recruitment and selection, orientation, training and development, performance appraisal, compensation and benefits, health and safety, and employment equity. In combination, these practices form an integrated and tightly linked HRM system or what we described earlier as a high-performance work system.

This unit has introduced you to the training and development process and emphasised the important role that training and development plays in the effectiveness and competitiveness of organisations. We also stressed the importance of viewing training and development as an investment in human capital, an investment that Canadian organisations must increase.

5.0 SUMMARY

In fact, in addition to being linked to business strategy, human resources practices should also be aligned and linked to each other. Thus, strategic human resources management involves two kinds of links. First, human resources practices should be linked to business strategy as discussed earlier. Second, human resources practices should be linked to each other so they work together to achieve an organisation's strategy. In this regard, what are most important are not individual HRM practices and policies but rather, the entire system of HRM practices. We also described training and development as part of a high-performance work system that is embedded within the environmental and organisational context. In particular, we noted that in order for training to be most effective, it should be strategic. That is, it should be tied to an organisation's business strategy and aligned with other HRM practices. Finally, we described the instructional systems design model of training and development that sets the stage for the remainder of the text.

6.0 TUTOR-MARKED ASSIGNMENT

i. What is High-performance work system (HPWS) and what does it essentially consist of?
ii. An increasing number of studies have found that organisations with high-performance work systems have superior productivity and financial performance. Discuss.
iii. High-performance work systems are influenced by environmental and organisational factors. Explain
iv. What do you understand by the Instructional systems design (ISD) concept and model of training and development?
v. Identify important components of ISD.
vi. What is the critical first step in the instructional systems design model?
vii. How do you improve employee performance and organisational effectiveness?
viii. What do you understand by the Instructional systems design (ISD) concept and model of training and development?
ix. Identify important components of ISD
x. What is the critical first step in the instructional systems design model?
xi. How do you improve employee performance and organisational effectiveness?

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UNIT 3 PERFORMANCE APPRAISAL SYSTEM

CONTENTS

1.0 INTRODUCTION

Performance appraisal continues to be a perennial irritant to a substantial number of organisational members.

In this unit, our unique attention will be drawn on analysing the importance of continuous reliance and unbiased assessment of performance appraisal systems of HR of an organisation.

The performance planning system involves the employees in a process of self-appraisal. The process starts with the supervisors telling the employees what is expected. Then the employees get a work sheet on which they write down their understanding of the job. About ten to fifteen days before a performance evaluation is to be done, the employees complete the work sheet by filling in the portions that relate to job accomplishments, performance difficulties, and suggestions for improvement. Not only does the work sheet get the employees involved in forming a self-appraisal of improvement areas, it also indicates to the supervisors what they need to do in the future to eliminate roadblocks to meeting or exceeding job standards.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the manager's and HR department's role in performance appraisals
- explain the uses of halo and recent effect of performance appraisals system and its significance to HR role
- identify the strengths and common shortfalls of most performance appraisal systems
- define MBO, Future Oriented Appraisals, Behavioural anchored ratings, ranking methods and other commonly used appraisal methods and their challenges
- outline the major considerations in providing employees with performance and HR feedback through an evaluation interview
- articulate the importance of training Raters and Evaluators and how to evaluate performance appraisals, and its advantages in the perspective of other HR tools.

3.0 MAIN CONTENT

To embed our values, we give our people 360-degree evaluations, with input from superiors, peers, and subordinates. These arc the roughest evaluations you can get, because people hear things about themselves they have never heard before.

3.1 Performance Appraisal

This is the process by which organisations evaluate individual job performance. When it is done correctly, employees, supervisors, the HR department and ultimately the organization will benefit by ensuring that individual efforts contribute to the strategic focus of the organisation. However, performance appraisals are influenced by other activities in the organisation and in turn affect the organisation's success. Often they can be a part of the way a company executes its strategy.

When IBM spun off its PC-printer and typewriter business ... "We concluded that we had to change nearly everything in our business ...” says Marvin Mann, CEO of the new company, Lexmark International. It parted ways with roughly half its workers, reorganised the rest into new, customer focused units, gave every employee stock options, and created a strict system of performance measurements that forced accountability. The Mann revolution at $1.8 billion-a-year Lexmark has produced a 5 %-point increase in gross profit margins and a huge reduction in debt ahead of schedule. Noe, R.A. (2000). IBM Lexmack Subsidiary, Columbus Ohio, 2007.

Performance appraisals are about employee performance and accountability. In a globally competitive world, companies need high performance. At the same time, employees need feedback on their performance as a guide to future behavior. This need is most evident among newcomers who are trying to understand their jobs and the work setting. Longer-service workers also want positive feedback on the good things they do, although they may resent corrective feedback that feels like criticism. Supervisors and managers must evaluate performance in order to know what actions to take. Specific feedback enables them to help with career planning, training and development, pay increases, promotions, and other placement decisions.

Upon arrival as the CEO of Allied-Signal, Lawrence A. Bossidy assigned his three executive vice presidents to improve key HR activities, which led the HR department to redo its employee appraisal process. Starting in January, a boss must offer subordinates help such as special training or outside courses to improve weaknesses he or she identifies. Salaried workers will fill out a form listing their skills, describing their career goals, and naming other divisions they would like to work for. This information will create a database of people who might fill various openings through the company and will become an agenda for an annual, informal, but mandatory 'How in I doing?' chat with the boss separate from appraisals. Colquitt,J (2000) in Allied Signal Coorporation, Paramus, New Jersey, (2000, p. 59)

HR departments use the information gathered through performance appraisals to evaluate the success of recruitment, selection, orientation, placement, training, and other activities. Although informal and ongoing appraisals on a day-to-day basis are necessary to a smooth operation, these methods are insufficient for the HR department's needs. Formal appraisals are needed to help managers with placement, pay, and other HR decisions.

3.1.1 Feedback to Human Resources

Good or bad performance throughout the organisation indicates how well the human resource function is performing.

Spend precious time going through some form development by the HR department. In addition, the design of the system may encourage unintended actions by employees and supervisors, as happened in one part of Xerox.

As this example emphasised, an organisation cannot have just any appraisal system; the system must be effective, accepted, and properly used. With those conditions met, performance appraisal systems can identify needed improvements in HR information related to job analysis and design human resource planning, staffing, orientation and placement, training and development, and career planning. Besides the uses suggested, performance appraisals are crucial for focusing employees on strategic goals and objectives and for developing replacement summaries for succession planning and learning objectives for training and development.

3.1.2 Elements of Performance Appraisal Systems

The elements of an effective appraisal system and appraisal approaches must identify performance-related standards, measure those criteria, and then give feedback to employees and the HR department. If performance standards or measures are not job-related, the evaluation can lead to inaccurate or biased results, harming the managers' relationship with their employees and violating equal employment opportunity rulings. Without feedback, improvement in human behavior is not likely and the department will not have accurate records in its HR information system on which to base decisions ranging from job design to compensation.

The HR department usually designs and administers the company's performance appraisal system. Centralisation ensures uniformity. Although the HR department may develop different approaches for managers, professionals, workers, and other groups, uniformity within each group is needed to ensure comparability of results. The department itself seldom evaluates actual performance, however. According to one study, the employee's immediate supervisor performs the evaluation ninety two percent of the time because the immediate supervisor is often in the best position to make the appraisal. However, multiple raters-including peers and even subordinates sometimes called "360-degree" evaluations because the person is being evaluated from all directions-offer additional perspectives at progressive companies such as General Electric, General Motors, and AT&T. At AT&T, for example, 800 high-level executives have rated their superiors and have been rated in return.' As jobs and teams become more fluid, some companies use electronic mail (E-mail) to track who people interact with and who should be the evaluators

3.1.3 Performance Standards

Appraisal systems require performance standards, which serve as benchmarks against which performance is measured. To be effective, standards should relate to the desired results of each job. As was discussed earlier, job analysis uncovers specific performance criteria by analysing the performance of current employees. Perhaps no better example of detailed work standards exists than at United Parcel Service (UPS), where more than 1000 industrial engineers study and time every aspect of worker performance. Consider this quote from the Wall Street Journal,

“Joseph Polise ... bounds from his brown delivery truck and towards an office building .... A few paces behind him, Marjorie Cusack, a UPS industrial engineer, clutches a digital timer.

She counts his steps and times his contact with customers, traffic, detours, doorbells, walkways, stairways, and coffee breaks.

"We don't use the standards as hammers, but they do give accountability," says Larry P. Breakiron, the company's senior vice president for engineering. "Our ability to manage labour and hold it accountable is the key to our success.""

To hold employees accountable, a written record of the standards should exist and employees should be advised of those standards before the evaluation occurs. Ideally, the appraisal of each employee's performance should be based on actual performance of the critical elements identified through job analysis. The Xerox example earlier mentioned meets these standards.

3.1.4 Performance Measures

Performance evaluation also requires dependable performance measures, the ratings used to evaluate performance. To be helpful, they must be easy to use, be reliable and report on the critical behaviors that determine performance. Dependable measures also allow others-using the same measures applied against the same standards-to reach the same conclusions about performance, adding to the reliability of the appraisal system. For example, a telephone company supervisor must observe each operator's:

- With millions of workers using video-display terminals, new ways of objectively measuring employee performance are emerging. About one third of these workers are in jobs that can be scrutinised automatically by computer. With program modifications most master computers can "not only process information from each employee's terminal but also measure, record and tabulate dozens of details about how efficiently the worker is putting information into tile machine. "Airline-reservation computers, for example, closely measure how long individual clerks take to handle each customer and the amount of time ... between calls".

Of course, having "Big Brother" constantly monitor performance can be psychologically oppressive. HR specialists need to consider the impact on morale. Otherwise, legislation or union efforts may force changes.

Subjeclive performance measures are ratings that are based on the personal standards or opinions of those doing the evaluation and are not verifiable by others. This compares the accuracy of objective and subjective measures. When subjective measures are also indirect, accuracy becomes even lower. For example, measurement of an operator's phone manners is done sub**j**ectively; supervisors must use their personal opinions of good or bad manners. Since the evaluation is subjective, accuracy is usually low even if the supervisor ob. serves the operator directly. Accuracy is likely to be even lower when the rater uses an indirect measure. Or construct, such as an essay test of phone manners. HR specialists always prefer objective and direct measures of performance.

3.2 Performance Appraisal Challenges

The design of the performance appraisal system often contributes to the challenges facing HR professionals. Important challenges include legal constraints, rater biases, and appraisal acceptance.

3.2.1 Legal Constraints

Performance appraisals must be free of illegal discrimination. Whatever form of evaluation the HR department uses, it should be both reliable and valid, as was explained in this unit, otherwise, placement decisions may be challenged because they violate equal employment laws or other laws. Nowhere are such suits more likely than in cases of "wrongful discharge:' which occur when someone is improperly fired. They also arise when decisions involve layoffs, demotions, or failure to promote.

3.2.2 Leniency and Strictness Bias

The leniency bias results when raters tend to be easy in evaluating the performance of employees. Such raters see all employee performance as good and rate it favorably. The strictness bias is the opposite; it results from raters being too harsh in their evaluations. Sometimes the strictness bias results because the rater wants others to think he or she is a "tough judge" of people's performance. Both leniency and strictness errors more commonly occur when performance standards are vague.

3.2.3 Reducing Rater Bias

When subjective performance measures must be used, biases can be reduced through training, feedback, and the proper selection of performance appraisal techniques. Training for raters should involve three steps. First, biases and their causes should be explained. Second, the role of performance appraisals in employee decisions should be explained to stress the need for impartiality and objectivity. Third, if subjective measures are to be used, raters should apply them as part of their training. For example, classroom exercises may require evaluation of the trainer or of videotapes showing workers and working situations. Mistakes uncovered during simulated evaluations then can be corrected through additional training or counseling

3.2.4 Rating Scales

Perhaps the oldest and most widely used form of performance appraisal is the rating scale, which requires the rater to provide a subjective evaluation of an individual's performance along a scale from low to high. As it indicates, the evaluation is based solely on the opinions of the rater, and in many cases the criteria are not directly related to job performance. Although subordinates or peers may use it, the form is usually completed by the supervisor, who checks the most appropriate response for each performance dimension. Responses may be given numerical values to allow an average score to be computed and compared. The number of points attained may be linked to salary increases-so many points equal a raise of some percentage. Other advantages of this method are that they are inexpensive to develop and administer, raters need little training or time to complete the form, and it can be applied to a large number of employees.

The disadvantages are numerous. A rater's biases are likely to be reflected in a subjective instrument of this type. Specific criteria may be omitted to make the form applicable to a variety of jobs. For example, "maintenance of equipment" may be left out because it applies to only a few workers, although for some employees it may be the most important part of the job. This omission and others tend to limit specific feedback. These descriptive evaluations also are subject to individual biases and interpretations. When specific performance criteria are hard to identify, the form may rely on irrelevant personality traits that dilute the following:

- Dependability
- Initiative
- Overall output
- Attendance
- Attitude
- Cooperation

3.2.5 Accomplishment Records

Closely related to the critical incident method are accomplishment records, which are used primarily by professionals. These are employee-produced listings of accomplishments such as publications, speeches, leadership roles, and other professionally related activities. This information is typically used to generate an annual report detailing the professional's contributions during the year. The report is used by supervisors in determining raises and promotions and in counseling the person about his or her future performance. The interpretation of the listed items may be subjective, and the items are likely to be biased because they include only the "good" things the person did.

3.2.6 Behaviourally Anchored Rating Scales

Behaviourally anchored ratings are a family of evaluation approaches that identify and evaluate relevant job-related behaviours. Specific named behaviours are used to give the rater reference points in making the evaluation. Since job related behaviours are used, validity is more likely than with bipolar rating scales or the forced choice method. The most popular approaches are called behavioral expectation scales and behavioral observation scales.

Behavioural Expectation Scales (BES) use specific named behaviours as benchmarks to help the rater. This method attempts to reduce some of the subjectivity and biases of other approaches to performance measurement. From descriptions of good and bad performance provided by incumbents, peers, and supervisors, job analysts or knowledgeable employees classify behaviours into major categories of job performance. For example, a listing of job related behaviors for a bartender in the category of customer relations appears in the unit. Other rating sheets would be assembled for other aspects of the bartender's job, such as the ability to maintain equipment, keep the bar area clean, and mix drinks.

Specific behaviors are ranked along a scale-from 1 to 7 as indicated in the scale located in the unit by the analyst or by a group of knowl-edgeable workers.

Behavioural expectation scales are expressed in terms with which the rater and the employee are familiar. The rater, usually the supervisor, can review the identified behavioral anchors and indicate the items the bartender needs to Improve. Since these scales are "anchored" by specific behaviours within each category, the supervisor is better able to provide specific feedback to each bartender. If the rater also collects specific incidents during the rating period, the evaluation is apt to be more accurate and more legally defensible and is likely to be more effective counseling tools. A serious limitation is that raters look only at a limited number of performance categories, such as, in the case of a bartender, customer relations or drink mixing. And each of these categories includes only a limited number of specific behaviours. As in the critical incident method, most supervisors are reluctant to maintain records of specific incidents, and this reduces the effectiveness of this approach when it is time to counsel the employee.

A pair of researchers found that a year after BOS were installed in a company, senior management reported satisfaction with this method. They believed that this minimised personality disputes, enabled raters to explain low ratings, led to comprehensive reviews, and improved feedback between raters and workers. Behaviourally anchored rating scales are complex to develop and administer. Their development considers specific job-related behaviors, which appear to make their validity more defensible than is the case with ratings based on subjective personality traits. However, this job-specific feature makes them costly and time-consuming to develop since they must be developed for each job.

3.2.7 Field Review Method

Whenever subjective performance measures are used, differences in rater perceptions cause bias. To provide greater standardisation in reviews, some employers use the field review method. In this method, a skilled representative of the HR department goes into the "field" and assists supervisors with their ratings. The HR specialist solicits from the immediate supervisor specific information about the employee's performance. Then the expert prepares an evaluation that is based on this information. The evaluation is sent to the supervisor for review, changes, approval, and discussion with the employee who was rated. The expert records the rating on whatever specific type of rating form the employer uses. Since a skilled professional is completing the form, reliability and comparability are more likely and rater biases are less common. But the use of skilled professionals makes this approach costly and impractical for many firms. Also, since the supervisor is the primary source of information, bias may still exist.

3.2.8 Performance Tests and Observations

With a limited number of jobs, performance appraisals may be based on a test of knowledge or skills. These tests are particularly appropriate when a company relies on a pay-for-knowledge or pay-for-skills approach to compensation, rewarding employees primarily on the basis of the skills or job knowledge they have mastered. The test may be of the paper-and-pencil variety or may require an actual demonstration of skills. The test must be reliable and validated to be useful. Even then, it is more apt to measure potential than performance. For the method to be job-related, observations should be made under circumstances that are likely to be encountered. Practicality may suffer if the costs of test development or administration are high.

Pilots at all major airlines are subject to evaluation by airline raters and the Federal Aviation Administration. Evaluations of flying ability are usually made in a flight simulator and in actual flight. The evaluation is based on how well the pilot follows prescribed flight procedures and safety rules. Although testing is expensive, public safety makes this approach practical in addition to being job-related and standardised.

3.3 Comparative Evaluation Approaches

Comparative Evaluation Approaches are a collection of different methods that compare one person's performance with that of co-workers. Usually comparative appraisals are conducted by the supervisor. They are useful for deciding about merit pay increases, promotions, and organisational rewards because they can result in a ranking of employees from best to worst. The most common forms of comparative evaluations are the ranking method, forced distributions, the point allocation method, and paired comparisons. Although these methods are practical and easily standardised, they are subject to bias and offer little job-related feedback. Usually, they are based on the rater's overall subjective evaluation of the employee's performance.

Companies can lessen these disadvantages. Florida Power and Light, which uses an elaborate group evaluation method, is a case in point. Biases are reduced at this utility because multiple raters are used, and some feedback results when managers and professionals learn how they compared with others on each critical factor. However, many of the comparative approaches described in this section offer employees little if any feedback. Often the comparative results are not shared with the employee because the supervisor and the HR department want to create an atmosphere of cooperation among employees. Sharing comparative rankings may lead to internal competition instead of cooperation. However, two simple and powerful arguments in favor of comparative approaches merit mention before specific methods are discussed.

The simple part is that organisations do it anyway, all the time. Whenever HR decisions are made, the performance of those being considered is ranked, even if only subjectively. People are not promoted because they achieve their objectives but because they achieve their objectives better than others do.

The second reason for using comparative as opposed to non-comparative methods is that they are more reliable because reliability is controlled by the rating process itself, not by rules, policies, and other external constraints.

3.3.1 Ranking Method

The ranking method requires the rater to place each employee in order from best to worst. The HR department knows that certain employees are better than others, but it does not know by how much. The employee ranked second may be almost as good as the one ranked first or may be considerably worse. At times, the method is subject to the halo and regency and recent effects, although rankings by two or more raters can be averaged to help reduce biases. Its advantages include ease of administration and explanation.

Adjustments are made through "roll-up" meetings, which allow supervisors to meet with their common manager to explain why their evaluations should be allowed to deviate from the expected distribution. These meetings allow supervisors with an exceptionally high-performing team to receive evaluations skewed toward the Upper end. The manager can then permit adjustments among the groups so that the resulting distribution follows the company's norms.

3.3.2 Future-Oriented Appraisals

Using past-oriented approaches is like driving a car by looking through the rearview mirror; you know only where you have been, not where you are going. Future-oriented appraisals focus on future performance by evaluating an employee's potential or setting future performance goals. In practice, many past-oriented approaches include a section for the supervisor and employee to record future plans. Four common approaches to evaluating future performance are:

- Self-appraisals
- Management by objectives
- Psychological appraisals
- Assessment centres

3.3.3 Self-Appraisals

Getting employees to conduct a self-appraisal can be a useful evaluation technique if the goal of evaluation is to further self-development. When employees evaluate themselves, defensive behaviour is less likely to occur and self-improvement and thus more likely. When self-appraisals are used to determine areas of needed improvement, they can help users set personal goals for the future. The risk is that the employee will be too lenient or too critical of his or her performance. lf self-appraisals are used among a diverse or international workforce, home-office HR specialists must be aware of cultural differences that may lead to evaluations that over- or understate performance and future plans. Obviously, self-appraisals can be used with any evaluation approach, past- or future-oriented. The important dimension of self-appraisals is the employee's involvement in and commitment to the improvement process.

At the Bechtel Company, the largest privately held construction and engineering firm in the world, the performance planning system involves the employees in a process of self-appraisal. The process starts with the supervisors telling the employees what is expected. Then the employees get a work sheet on which they write down their understanding of the job. About ten to fifteen days before a performance evaluation is to be done, the employees complete the work sleet by filling in the portions that relate to job accomplishments, performance difficulties, and suggestions for improvement. Not only does the work sheet get the employees involved in forming a self-appraisal of improvement areas, it also indicates to the supervisors what they need to do in the future to eliminate roadblocks to meeting or exceeding job standards.

3.3.4 Management by Objectives

The heart of the management by objectives (MBO) approach consists of goals that are objectively measurable and mutually agreed on by the employee and the manager. Since an employee gets to participate in setting his or her goals, the expectation is that employees will be motivated to achieve those goals. Moreover, since they can measure their progress, employees can adjust their behavior to ensure attainment of the objectives. However, to adjust their efforts, employees must receive performance feedback on a timely basis.

Objectives also help the employee and supervisor discuss the specific clever" development needs of the employee, which can make future training and development efforts appear more relevant to the employee. When done correctly, performance discussions focus on the job's objectives, not on personality variables. Biases are reduced to the extent that goal attainment can be measured objectively.

In practice, MBO programs have encountered difficulties. The objectives are sometimes too ambitious or too narrow or are not set participative but imposed by the superior. The result is frustrated employees or overlooked areas of performance. For example, employees may set objectives that are quantitatively measurable to the exclusion of subjectively measurable ones that may be equally important. The classic illustration is quantity versus quality of work. When employees and managers focus on subjectively measured objectives, special care is needed to ensure that biases do not distort the manager's evaluation.

At Xerox's Reprographic Business Group, objectives are set between the manager and the employee annually. A second-level manager reviews and approves those objectives. They are then subjected to an interim review after six months by the manager and the employee. Adjustments, if any, are made. At the end of the year a written appraisal evaluates performance against the objectives. The appraisal then serves as a basis for setting the next year's performance and developmental objectives.

3.3.5 Assessment Centres

Assessment centres is another method of evaluating future potential, but they do not rely on the conclusions of one psychologist. Assessment centers are a form of standardised employee appraisal that relies on multiple types of evaluation and multiple raters. They are usually applied to managers who appear to have the potential to perform more responsible jobs. Often the members in the group first meet at a hotel or training facility. During their stay, they are individually evaluated.

The process puts selected employees through in-depth interviews, psychological tests, personal background histories, peer ratings by other attendees, leaderless group discussions, ratings by psychologists and managers, and simulated work exercises to evaluate their future potential. The simulated work experiences usually include in-basket exercises, decision-making exercises, computer-based business games, and other job like opportunities that test the employee in realistic ways. These activities usually are performed during a few days at a location physically removed from the jobsite. During this time, the psychologists and managers who do the rating attempt to estimate the strengths, weaknesses, and potential of each attendee. They then pool their estimates to arrive at a conclusion about each member of the group.

Assessment centres are both time-consuming and costly. Not only are the candidates away from their jobs, with the company paying for travel and lodging, the evaluators are often company managers who are assigned to the assessment centres for short periods. These managers are often supplemented by the psychologists and HR professionals who run the center and also make evaluations. Some critics question whether the procedures used are objective and job-related, especially since rater biases may affect the subjective opinions of attendees. Nevertheless, assessment centres have widespread use, and researchers are finding ways to validate tile process.

The results assist management development and placement decisions. From the composite ratings, a report is prepared on each attendee. This information goes into the HR information system to assist HR planning (particularly the development of replacement charts) and other HR decisions. Interestingly, research indicates that the results of assessment centers constitute a good prediction of on-the10b performance.'"Unfortunately, this method is expensive since it usually requires both a separate facility and the time of multiple raters, Consider how the process works at Johnson Wax:

- For years, the Consumer Products Division of S. C. Johnson & Son, Inc. traditional assessment centre. Twice a year selected managers from each division in the company attended the assessment center for five days and were evaluated on a variety of skills. On the fourth day, the candidates attended a debriefing and career development session while the raters wrote their final evaluations. On the fifth day, attendees received a report of their performance and some counseling. The assessment process was successful in helping select employees for promotion, However, the results of the center tended to be overemphasised; people were seen as having "passed" or "failed" the process, Those who "failed" became dissatisfied because they believed their career potential had been severely limited, Many people who attended the center "failed" because field management had few guidelines about who should be sent and at what stage of their career development. Likewise, few programs existed to prepare people for the assessment centre process.

3.3.6 Implications of the Appraisal Process

A successful performance appraisal system requires more than good technique. It depends on a consistent approach for comparability of results, clear standards and measures, and bias-free ratings, Using multiple raters, even peers, suggests multiple viewpoints, which may reduce biases and offer a better evaluation, If nothing else, employees may feel the process is fair, though being graded may still be uncomfortable. AT&T, General Motors, General Electric, Monsanto, Massadl Usetts Mutual Life Insurance, and other companies are experimenting with having employees evaluate their bosses. As the chief operating officer of the Waldorf Corporation observed, "Who better to tell you what kind of manager you are than your subordinates?""

Regardless of the method used, it must be implemented, usually among operating and staff managers who have other priorities. Since these managers already believe they know who their good and poor performers are, formal appraisals may seem neither important nor urgent. Nevertheless, successful appraisal almost always depends on management involvement and support. Building involvement through a task force at Xerox or using multiple raters in an assessment center at Johnson Wax, for example, reaches only a few people in those large organisations. For widespread understanding and support, training may be needed. Goals are listed on a scoreboard, similar to a spreadsheet, showing a description, Headline the person or team responsible for achieving the goal, and an indicator for how the project is going-whether it is on track, behind schedule.

But the manager can then shift to the people dimension.

3.3.7 The HRM Process with Performance Appraisal Feedback

A series of buttons on screen can be clicked to summon information for each employee: goals, progress, feedback, review, recognition, development, commitment, calendar, details and notes. The information is kept confidential with a simple password protection scheme. The performance appraisal process also provides insight into the effectiveness of the HR function. As can be seen, performance appraisal serves as a "quality control check." If the appraisal process indicates that poor performance is widespread, many employees are excluded from internal placement decisions. They will not be promoted or transferred; in fact, they may be excluded through termination.

A disagreeably and probably unacceptably high numbers of poor performers may indicate errors elsewhere among HR management functions. For example, development may be failing to fulfill career plans because the people who are hired during the selection process are poorly screened. Or the HR plan may be in error because the job analysis information is wrong or the affirmative action plan seeks the wrong objectives. Sometimes the HR function is pursuing the wrong objectives. The appraisal system itself may be faulty because of management resistance, incorrect performance standards or measures, or a lack of constructive feedback.

Wherever the problem lies, HR specialists need to monitor carefully the results of the organisation's performance appraisal process. These results can serve as a barometer of the entire HR function. Furthermore, performance appraisals serve as a foundation for compensation and other activities discussed in subsequent units.

3.3.8 Training Raters and Evaluators

Whether a simple comparative method or a sophisticated assessment centre is used, the evaluators need knowledge of the system and its purpose. Just knowing whether the appraisal is to be used for compensation or for placement may change the rater's evaluation because different criteria may be weighted for different uses.

Two major problems are evaluator understanding and consistency of evaluations. HR departments provided raters with written instructions in Eighteen percent of the organisations in one study, and sixty percent provided training. Guidelines for conducting the evaluation or for providing raters with feedback often are included, along with definitions for key terms such as "shows initiative" and "provides leadership."

Companies such as Bechtel and Glendale Federal Savings and Loan Association are part of the sixty percent of firms that solve this knowledge gap through training. Training workshops are usually intended to explain to raters the purpose of the procedure, the mechanics of "how to do it," pitfalls or biases they may encounter, and answers to their questions. The training may include trial runs evaluating other classmates to gain some supervised experience. Bechtel and Glendale even use videotapes and role-playing evaluation sessions to give raters both experience with and insight into the evaluation process. During the training, the timing and scheduling of evaluations are discussed. Typically, most companies do formal evaluations annually near the individual's employment anniversary. For new employees and those with performance problems, evaluations may be done more frequently as part of the HR department's formal program or as the supervisor sees fit. Consider how the vice president and manager of human resources at Glendale Federal Savings and Loan viewed the implementation of his firm's program.

3.3.9 Guidelines for Effective Performance Evaluation Interviews

a. Emphasise positive aspects of employee performance.
b. Tell each employee that the evaluation session is to improve performance, not to discipline.
c. Conduct the performance review session in private with minimum interruptions.
d. Rate performance formally at least annually and more frequently for new employees or those who are performing poorly.
e. Make criticisms specific, not general and vague.
f. Focus criticisms on performance, not personality characteristics.
g. Stay calm and do not argue with the person being evaluated.
h. Identify specific actions the employee can take to improve performance.
i. Emphasise the evaluator's willingness to assist the employee's efforts and to improve performance.
j. End the evaluation sessions by stressing the positive aspects of the employee's performance.

SELF-ASSESSMENT EXERCISE

i. What insight does performance appraisal process provide into the effectiveness of HR function?
ii. Explain what an unacceptably high numbers of poor performers may indicate among HR role and management functions?

4.0 CONCLUSION

Performance appraisal is a critical activity of HR management. Its goal is to provide an accurate picture of past and/or future employee performance. To achieve his, performance standards are established. The standards are based on the job-related criteria that best determine successful job performance. Where possible, actual performance is measured directly and objectively. From a wide variety of appraisal techniques, specialists select the methods that most effectively measure employee performance against the previously set standards. Techniques can be selected both to review past performance and to anticipate performance in the future.

5.0 SUMMARY

The appraisal process is usually designed by the HR department, often with little input from other parts of the organisation. When it is time to implement a new appraisal approach, those who do the rating may have little idea about the appraisal process or its objectives. To overcome this shortcoming, the HR department may design and conduct appraisal workshops to train managers.

A necessary requirement of the appraisal process is employee feedback through an evaluation interview. The interviewer tries to balance positive areas of good performance with areas where performance is deficient so that the employee receives a realistic view. Perhaps the most significant challenge raised by performance appraisals is the feedback they provide about the HR department's performanc999e. HR specialists need to be keenly aware that poor performance, especially when it is widespread, may reflect problems with previous HR management activities.

6.0 TUTOR-MARKED ASSIGNMENT

i. What is performance Appraisal System? Explain your understanding of it?
ii. Identify the key challenges of performance appraisal systems that are confronting HR Professionals and how they can be ameliorated in the organisation?
iii. In Ranking Method, at times, the method is subject to the *halo and recent effects*, although rankings by two or more raters can be averaged to help reduce biases. Do you agree or disagree? Explain your position.
iv. What are the advantages of ranking method?

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UNIT 4 COMPENSATION, SALARY AND WAGES ADMINISTRATION

CONTENTS

1.0 INTRODUCTION

This unit examines direct compensation: wages and salaries and discusses other forms of direct compensation, such as incentives and gain-sharing.

The flexibility and responsiveness of compensation management' come from its broad scope. It embraces direct compensation, which includes wages and salaries and, increasingly, incentives and gain-sharing, and indirect compensation, which includes fringe benefits.

This unit also explains indirect compensation, primarily employer-provided benefits and services legally mandated benefits and services underlying direct and indirect compensation of variety of objectives.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define the critical conditions needed for a well-managed compensation system.
- discuss the job analysis and evaluation, job ranking and objectives of effective compensation management
- explain apportion current wages for key jobs, the major policies, laws and other challenges that affect pay plans
- describe determine the critical factor management and key objectives of compensation and how wages and salaries are determined.
- articulate compensation structure, industrial relation/ union power both sides of the comparable worth issue
- identify key factor comparison with equal pay and concerns in international compensation
- compare and contrast factor comprise pricing jobs, pay level, compensation structure and issues facing hr global firms.

3.0 MAIN CONTENT

3.1 Objectives of Compensation Management

Broadly defined, the objectives of compensation management are to help the organization achieve strategic success while ensuring internal and external equity unity.

Internal equity ensures that more demanding positions or better qualified people within the organization are paid more. External equity assures that jobs are fairly compensated in comparison with similar jobs in the labour market. These objectives which are listed in Figure 4.1 conflict with one another, and trade-offs must be made. For example, to retain employees and ensure equity, wage and salary analysts recommend paying similar amounts for similar jobs.

But a recruiter may want to offer an unusually high salary to attract a qualified recruit. At this point, compensation strategy must make a trade-off between the recruiting objectives and the consistency objectives.
Other objectives of compensation are to reward desired behavior and control costs. These objectives may conflict too. For example, GE's

approach to perpetual learning at its Bayamon facility might lead to all workers being paid the highest wage rates once they are all cross-trained. The result may be that GE's wages are above those paid by competitors. If superior productivity does not result, GE's internal equity based on skill levels may be above what external equity would dictate, making GE a high-cost producer.

3.1.1 A Model of the Consequences of Pay Dissatisfaction

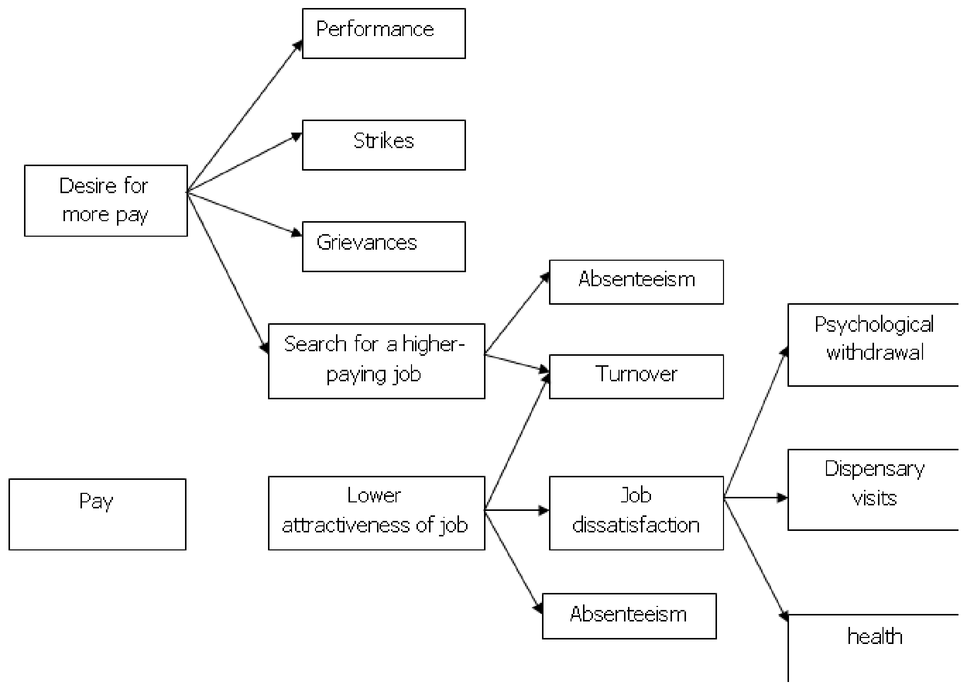

Fig. 4.1
Source: GE Bayamon, HR Classification of Pay Dissatisfaction Indicators Periodic Manual, p.112, 2007.

An HR department can contribute to the organisation's strategic objectives through the firm's compensation program. An example comes from a General Electric facility in Puerto Rico.

In the early 1990s General Electric (GE) built a new factory in Bayamon, Puerto Rico, to produce surge protectors. Besides the plant manager, the facility has two broad job categories: about 200 associate producers and 15 salaried associate advisers. Twice a year associates switch to different job tasks and are required to sign up for the appropriate vocational courses. "As they gain proficiency and knowledge in their new tasks, they are paid commensurately for their acquired skills. Subsequently, the work· force evolves into a team capable of performing all operative job tasks in the business. Skill and knowledge level, not seniority, determine, promotions and layoffs.

"The aggregate of the two job classifications, the compensation plan and the educational program have elevated the Bayamon employees to one of the most productive workforces in the world. In the first year, the workforce was twenty percent more productive than its nearest company equivalent on the mainland.

3.1.2 Objectives Sought through Effective Compensation Management

Further administrative efficiency, wage and salary programs should be designed to be managed efficiently, making optimal use of the HRIS, although this objective should be a secondary consideration compared with other objectives. Regardless of the trade-offs, an overriding objective is to maintain legal compliance. For example, the Fair Labor Standards Act of 1938 requires employers to pay the minimum wage and time and a half for overtime. Periodically, Congress raises the minimum wage and employers must comply regardless of their other objectives. Likewise, the Equal Pay Act requires employers to provide equal pay for equal work without regard to a person's sex. Discrimination in pay among workers 40 years of age and older is outlawed by the Age Discrimination in Employment Act, and Title VII of the 1964 Civil Rights Act prohibits discrimination in pay because of race, sex, religion, or national origin. Compensation objectives are not rules; they are guidelines. But the more the objectives are followed, the more effective wage and salary administration will be. To meet these objectives, the major phases of compensation management include the following:

a. **Phase 1**. Evaluate every job, using job analysis information to ensure internal equity based on each job's relative worth.
b. **Phase 2**. Conduct wage and salary surveys to determine external equity based on the rates paid in the labour market.
c. **Phase 3**. Price each job to determine the rate of pay based on internal and external equity depicts these three major phases of compensation management which are discussed in the following sections.

3.2 Job Analysis and Evaluations

As was in the unit, job analysis collects information about jobs (through surveys, observation, and discussions among workers and supervisors) to produce job and position descriptions. With job analysis information as part of the department's HR information system, compensation analysts have the minimum information needed to wider take job evaluations.

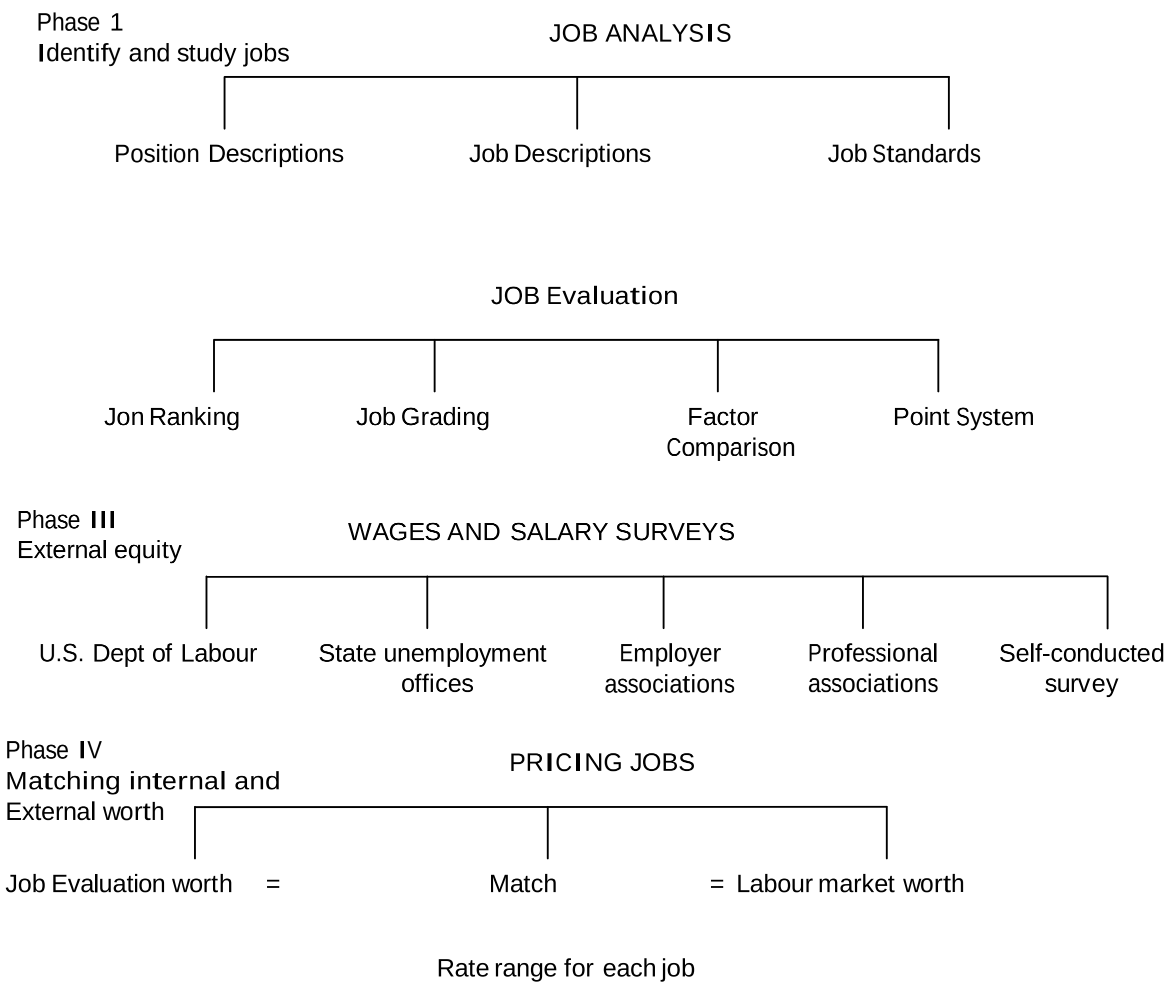

Fig.4.2: Major phases of compensation management
Source: GE Compensation Strategy 2nd Phase, Review Catalogue, 2008 p.135

3.2.1 Job Evaluations

These are systematic procedures to determine the relative worth of jobs. Although different approaches exist, each one considers the responsibilities, skills, efforts, and working conditions inherent in the job. It determines which jobs are worth more to the organisation than others. Without job evaluations, the HR department would be unable to develop a rational approach to pay. Since evaluation is subjective, it is conducted by specially trained personnel called job analysts or compensation specialists. When a group of managers or specialists is used for this purpose, the group is called a job evaluation c-ommittee.

The committee reviews job analysis information to learn about duties, responsibilities, and working conditions. With this knowledge, jobs are put in a hierarchy according to their relative worth through the use of a job evaluation method. The most common methods are job ranking, job grading, factor comparison, and the point system.

3.2.2 Job Ranking

The simplest and least precise method of job evaluation is job ranking. Specialists review the job analysis information and then rank each job subjectively according to its relative importance in comparison with other jobs in the firm. These are overall ranking, although raters may consider individual factors such as the responsibility, skill, effort, and working conditions involved in each job. Subjectively determined global rankings mean that important elements of some jobs may be overlooked while unimportant items are weighted too heavily. Even more damaging, these rankings do not differentiate between jobs in terms of their relative importance. For example, the job of janitor may be ranked as 1, the secretary's job may get a 2, and the office manager is ranked 3. But the secretarial position may be three times as important as the janitorial job and half as important as the job of office manager. Pay scales based on these broad rankings ensure that more important jobs are paid more, but this does not capture the relative differences between jobs. As a result, pay levels may be inaccurate.

3.2.3 Job Grading

Job grading, or job classification, is slightly more sophisticated than job ranking but still not very precise. It works by having each job assigned to a grade by matching standard descriptions with each job's description, as illustrated in Figure 4.2. The standard description in the figure that most nearly matches the job's description determines its relative value, which is expressed as a job grade. More important jobs are paid more, but the lack of precision can lead to inaccurate pay levels. The largest user of this approach has been the U.S. Civil Service Commission, which gradually is replacing it with more sophisticated approaches.

3.2.4 Factor Comparison

With the factor comparison method, the job evaluation committee compares critical or compensable job factors. These compensable factors are the job elements 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, and then the separate evaluations are combined by the committee to determine the relative importance of each job. This method involves the following five steps:

Step 1: Determine the critical factors. Analysts must first decide which factors are common and important in a broad range of jobs. The critical factors shown in Figure 4.3 are the ones most commonly used. Some organisations use different factors for managerial, professional, sales, and other types of jobs.

A Job Classification Schedule for Use with the Job Grading Method
Directions: To determine appropriate job grade, match standard description with job description.

3.2.5 Standard Description

Work is simple and highly repetitive, done under close supervision, requiring minimal training and little responsibility or initiative. Examples: Janitor, file clerk .

Work is simple and repetitive, done under close supervision, requiring some training or skill. Employee is expected to assume responsibility or exhibit initiative only rarely. Examples: Clerk-typist I, machine cleaner.

Work is simple, with little variation, done under general supervision. Training or skill required. Employee has minimum responsibilities and must take some initiative to perform satisfactorily.

Examples: Parts expediter, machine oiler, clerk-typist II Work is moderately complex, with some variation, done under general supervision. High level of skill required. Employee is responsible for equipment or safety; regularly exhibits initiative. Examples: Machine operator I, tool and die apprentice.

Work is complex, varied, done under general supervision. Advanced skill level required. Employee is responsible for equipment and safety; shows high degree of initiative. Examples: Machine operator II, tool and die specialist.

Step 2:· Determine key jobs. Key jobs are jobs that are commonly found throughout the organisation and in the employer's labour market. Common jobs are selected because it is easier to discover the market rate for them. Ideally, these benchmark jobs should be widely held and accepted by employees as key jobs and should encompass a wide variety of critical factors.

Step 3: Apportion current wages for key jobs.

Nigeria current minimum wage is N18, 000.00 naira.
The job evaluation committee then allocates a part of each key job's current wage rate to each critical factor, as shown in Figure 4.3. The proportion of each wage assigned to the different compensable factors depends on the importance of the individual factor of the machinist's skills; the skill component of this job is placed below that of the machinist in the skill column. This procedure is repeated for each compensable factor. When the task is completed, the committee can determine the worth of the mechanic's job, which is:

Responsibility	$ 2.10
Skill	3.00
Mental effort	2.70
Physical effort	1.90
Working conditions 1.30	
TOTAL WAGE	$11.00

Fig. 4.3 Source: GE Statistic Investment Year book, 2006 p.231

Step 3: Allocate points to sub factors. With the factors listed down one side of Figure 4.3 and the levels placed across the top, the result is a point systern matrix. Starting with level IV, the job evaluation committee subjectively

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A Point System Matrix				
		LEVELS		
COMPENSABLE OR	MINIMUM	LOW	MODE	HIGH
CRITICAL FACTORS	I	II	III	IV
1. Responsibility				
a. Safety of others	25	50	75	100
b. Equipment and materials	20	40	60	80
c. Assisting trainees	5	20	35	50
d. Product/service quality	20	40	60	80
2. Skill				
a. Experience	45	90	135	180
b. Education/training	25	50	75	100

3. Effort				
a. Physical	25	50	75	100
b. Mental	35	70	105	150
4. Working conditions				
a. Unpleasant conditions	20	40	60	80
b. Hazards	20	40	60	80
	Total points			1000

Fig. 4.4 Source: GE Wages & Salary Matrix, Finance Bulletin, 2006. Pp.240-43

assigns the maximum possible points to each sub-factor. For example, if safety (100) is twice as important as assisting trainees (50), it gets twice as many points.

Step 4: Apply the point system. When the point matrix and manual are ready, the relative value of each job can be determined. This process is subjective, requiring specialists to compare job descriptions with the standard point manual description for each sub-factor. The match between the job description and the point manual statement reveals the level and points for each sub factor of every job. The points for each sub-factor are added to find the total number of points for the job. Here, for example, is the matching process for a machine operator

3.2.6 A Point Manual Description of "Responsibility, Equipment and Materials"

Each employee is responsible for conserving the company's equipment and materials. This includes reporting malfunctioning equipment or defective materials. Keeping equipment ad material cleared or in proper order, and maintaining, repairing, or modifying equipment and materials according to individual job duties. The company recognises that the degree of responsibility for equipment and material varies widely throughout the organisation.

Level 1 Employment reports malfunctioning equipment or defective materials to immediate superior.

Level 2 Employee maintain the appearance of equipment or order of materials and has responsibility for the security of such equipment or materials.

Level 3 Employment performs preventive maintenance and minor repairs on equipment or corrects minor defects in materials.

Level 4 Employment performs major maintenance or overhauls of equipment or is responsible for deciding type, quantity and, quality of materials to be used.

After the total points for each job are known, the jobs are ranked. As with the job ranking, job grading, and factor comparison systems, this relative ranking should be reviewed by department managers to ensure that it is appropriate.

Beyond the job evaluation methods discussed in this section, many other variations exist. Large organisations often modify standard approaches to create unique in-house variations. The Salt River Project, a large quasi-government utility in Arizona, for example, has been working to make its job evaluation methods more objective than a traditional point system. The “Hay Plan” is another variation widely used by U.S. and Canadian firms. This proprietary method is marketed by a large consulting firm, Hay and Associates, and relies on a committee’s evaluation of critical job factors to determine each job's relative worth. Although other job evaluation approaches exist, all effective job evaluation schemes attempt to determine a job's relative worth to ensure internal equity.

3.2.7 Pricing Jobs

In pricing jobs, the job evaluation worth is matched with the labour market worth. Two activities are involved: establishing the appropriate pay level for each job and grouping the different pay levels into a structure that can be managed effectively.

3.2.8 Pay Levels

To set the right pay level, the internal rankings and the survey wage rates are combined through the use of a graph called a scattergram. As shows, the vertical axis represents pay rates. If the point system is used, the horizontal axis is used for points. The scattergram is created by plotting the total points and wage level for each key job. Thus, each dot represents the intersection of the point value and the market-determined wage rate for a particular key job. For example, key job A in the figure is worth SOO points and is paid $6 an hour.

3.2.9 The Compensation Structure

Although GE simplified its structure of jobs into two groups of associate producers and advisers, it is not uncommon for an employer with 200 workers to have scores of individual job titles, with larger organizations having hundreds. Compensating hundreds or even scores of jobs would present a wage and salary analyst with complex problems. The existence of hundreds of separate wage rates would be meaningless because the differences between jobs might be only a few cents.

Compensation analysts find it more convenient to lump jobs into job classes.

In the job grade approach, jobs are already grouped into predetermined categories. With other job evaluation methods, the grouping is done by creating job grades based on the previous ranking, pay, or points. In the point system, for example, classes may be based on point ranges: 0 to 100, 101 to 150, 151 to 200, and so forth. This grouping causes the wage-trend line to be replaced by a series of ascending dashes, as shown. Thus, all jobs in the same class receive the same wage rate. A job valued at 105 points, for example, receives the same pay as a job with 145 points. Too many grades defeat the purpose of grouping, and too few grades result in jobs of widely varying importance receiving the same pay.

The problem with flat rates for each job class is that giving a worker a merit increase-which is a raise in pay for performance-requires moving the employee into a higher job class. This upsets the entire balance of internal equity that has been developed. To solve these problems, most firms use rate ranges for each class.

Rate ranges are the pay ranges for each job class. For example, suppose the wage-trend line indicates that $8 is the average hourly rate for a particular job class. Every employee in that class gets $8 if a flat rate is paid. With a rate rang~ of $1 for each class, a new or marginal performer can be paid $7.50 at the bottom of the rate range.

3.3 Challenges Affecting Compensation and Strategic Objectives

Even the most rational methods of determining pay must be tempered by good judgment when challenges arise. The implications of these demands may cause analysts to make further adjustments to compensation.

Compensation management is not limited to internal and external equity. It also can be used to further an employer's strategy, as we saw with GE's use of highly cross-trained work teams. At GE's Puerto Rican operations, employee compensation might have been initially anchored by the relative worth of jobs and the prevailing wage rates in the local labor market. However, the "pay-for-skill" and "pay-for-knowledge" approaches used by GE, Polaroid, Steelcase, and a growing number of other employers grant raises based more on the skills and knowledge acquired by the employees and less on the inherent worth or demands of the job: the more skills or knowledge, the higher the pay.

Further information: Income in the United States

In the United States, the distinction between periodic salaries (which are normally paid regardless of hours worked) and hourly wages (meeting a minimum wage test and providing for overtime) was first codified by the Fair Labor Standards Act of 1938. At that time, five categories were identified as being "exempt" from minimum wage and overtime protections, and therefore salariable. In 1991, some computer workers were added as a sixth category but effective August 23, 2004 the categories were revised and reduced back down to five (executive, administrative, professional, computer, and outside sales employees).

Salary is generally set on a yearly basis.

"The FLSA requires that most employees in the United States be paid at least the federal minimum wage for all hours worked and overtime pay at time and one-half the regular rate of pay for all hours worked over 40 hours in a workweek.

However, Section 13(a)(1) of the FLSA provides an exemption from both minimum wage and overtime pay for employees employed as bona fide executive, administrative, professional and

Outside sales employees. Section 13(a)(1) and Section 13(a)(17) also exempt certain computer employees. To qualify for exemption, employees generally must meet certain tests regarding their job duties *and* be paid on a salary basis at not less than $455 per week. Job titles do not determine exempt status. In order for an exemption to apply, an employee's specific job duties and salary must meet all the requirements of the Department's regulations."[2]

Of these five categories only Computer Employees has an hourly wage-based exemption ($27.63 per hour) while Outside Sales Employee is the only main category not to have the minimum salary ($455 per week) test though some sub categories under Professional (like teachers and practitioners of law or medicine) also do not have the minimum salary test.

A general rule for comparing periodic salaries to hourly wages is based on a standard 40 hour work week with 50 weeks per year (minus two weeks for vacation). (Example: $40,000/year periodic salary divided by 50 weeks equals $800/week. Divide $800/week by 40 standard hours equals $20/hour). Real median household income in the United States climbed 1.3 percent between 2006 and 2007, reaching $50,233 according to a report released by the U.S. Census Bureau. This is the third annual increase in real median household income.

Salaries in Japan

Further information: Salaryman

This section requires expansion.

In Japan, owners would notify employees of salary increases through "jirei". The concept still exists and has been replaced with an electronic form, or email in larger companies.

Salaries in India

In India, salaries are generally paid on the last working day of the month (Government, Public sector departments, Multinational organizations as well as majority of other private sector companies). Several other companies pay after the month is over, but generally by the 5th of every month. However there are companies pay after this also. For instance, for companies under 'Godrej Group', salary is paid on 9th of month for the preceding month. In case 9th is a holiday, it is paid on 10th, and in case both 9th and 10th are holiday, it is paid on 8th.

The minimum wages in India are governed by the Minimum Wages Act, 1948. Details regarding the same can be seen at http://labourbureau.nic.in/wagetab.htm Employees in India are notified regarding their salary increase through a hard copy letters given to them [citation needed].

In the national accounts, in accordance with the System of National Accounts, wages and salaries include the values of any social contributions, income taxes , etc., payable by the employee even if they are actually withheld by the employer for administrative convenience or other reasons and paid directly to social insurance schemes, tax authorities, etc., on behalf of the employee. Wages and salaries may be paid in various ways, including goods or services provided to employees for remuneration in kind instead of, or in addition to, remuneration in cash (SNA 7.32-7.42).[1]

Wages and salaries in cash consist of wages or salaries payable at regular weekly, monthly or other intervals, including payments by results and piecework payments; plus allowances such as those for working overtime; plus amounts paid to employees away from work for short periods (e.g., on holiday); plus ad hoc bonuses and similar payments; plus commissions, gratuities and tips received by employees.

Wages and salaries in kind consist of remuneration in the form of goods and/or services that are not necessary for work and can be used by employees in their own time, and at their own discretion, for the satisfaction of their own needs or wants or those of other members of their household.

Wage and salary data provides employers, job seekers, career practitioners and researchers with valuable insight into current compensation practices and trends.

Wages and salaries for jobs and industries can change depending on labour market so it's important to have the latest information.

What Wage and Salary Data Can Do for You?

Having access to accurate wage and salary data helps:

- Employers develop competitive hiring practices.
- Job seekers be knowledgeable about the salary for a job before deciding on a career path or accepting a job offer.
- Career practitioners offer the most accurate and full picture of a career to their clients.
- Researchers and decision-makers develop public policy.
- Resources
- Visit the B.C. Wage and Salary Survey for up-to-date data. You'll find searchable information on part-time and full-time wages, hours of work, hiring difficulties, and vacancies. The data is presented for:
- The top 100 occupations for B.C.'s three largest economic regions: Vancouver Island/Coast, Mainland/Southwest, and Thompson-Okanagan, and
- the top 35 occupations in B.C.'s other regions: Kootenay, Cariboo, North Coast, Nechako, and Northeast.
- Also see the BC Wage and Salary Survey summary report for highlights.
- Check Earnings and Employment Trends for a complete look at the B.C. labour market. It provides comparative data for the U.S.A. and other parts of Canada.
- Visit our section on Employers for more on wages and other forms of employee compensation.

Wages and Salaries

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Compensation Management

The typical global enterprise still relies on spreadsheets or outdated legacy software systems to manage compensation, which leads to inconsistency in how compensation policies and plans are created, implemented, and measured. The fragmentation of compensation management within many organizations can result in poor decisions based on inaccurate or out-of-date information, inefficient and costly systems for rollups and approvals, and an inability to align compensation decisions to the performance of individuals and groups.

Sum Total Compensation Management simplifies and standardizes the planning, modeling, budgeting, analysis, and execution of global compensation and reward policies. Built on the industry's most complete cloud talent management platform, Sum Total Compensation Management enables you to:

- Achieve global compensation visibility by replacing spreadsheets and legacy systems with a flexible, centralised, and modern compensation system
- Build a culture of high performers by aligning performance, goals, and rewards across an entire organisation
- Reduce the cost and complexity of compensation administration by optimising rollups, exception handling, and approvals

Key Integration Points:

- Sum Total uniquely provides native integrations from Compensation Management to other core talent management processes in order to support a holistic, end-to-end talent management strategy.
- **HR Management System (HRMS)**: Historical compensation data can be used to guide future compensation and reward decisions
- **Learning Management**: Compensation and incentives can be tied to the completion of learning programs
- **Performance Management:** Performance ratings can be used as inputs into compensation decisions, thereby enabling consistent pay-for-performance policies
- **Recruiting & Hiring:** New positions and job profiles can be tied to pre-defined compensation plans
- **Succession Planning:** The financial impact of succession plans can be modeled and analysed
- **Workforce Management:** Integrated across the SumTotal strategic HCM solution, SumTotal Workforce Management provides powerful tools to effectively manage labor rules, ensure compliance, and control labor costs and expenses
- To learn more about specific capabilities, features, and benefits of SumTotal Compensation Management, download and review the product datasheet.
- **Most Flexible Delivery**
- SumTotal offers customers the industry's most flexible delivery and deployment options, including the SumTotal Cloud solution.

Types of Compensation

Compensation provided to employees can direct in the form of monetary benefits and/or indirect in the form of non-monetary benefits known as perks, time off, etc. Compensation does not include only salary but it is the sum total of all rewards and allowances provided to the employees in return for their services. If the compensation offered is effectively managed, it contributes to high organisational productivity.

Direct Compensation Know More

Indirect Compensation Know More

Need of Compensation Management

- A good compensation package is important to motivate the employees to increase the organisational productivity.
- Unless compensation is provided no one will come and work for the organization. Thus, compensation helps in running an organisation effectively and accomplishing its goals.
- Salary is just a part of the compensation system, the employees have other psychological and self-actualisation needs to fulfill. Thus, compensation serves the purpose.
- The most competitive compensation will help the organization to attract and sustain the best talent. The compensation package should be as per industry standards.

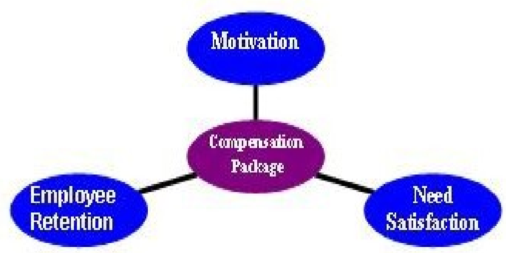

Fig. 4.5: Employees Motivation cycle
Source: HRPA Ottawa, 2009, p.92

Strategic Compensation

Strategic compensation is determining and providing the compensation packages to the employees that are aligned with the business goals and objectives. In today's competitive scenario organisations have to take special measures regarding compensation of the employees so that the organisations retain the valuable employees. The compensation systems have changed from traditional ones to strategic compensation systems.

3.3.1 Industrial Relations and Union Power

When unions represent a portion of the workforce, they may be able to obtain wage rates that are out of proportion to the relative worth of the jobs. For ex, ample, wage and salary studies may determine that $17 an hour is appropriate for a nurse. But if the nurses' union insists on $19, the HR department may believe that paying the higher rate is less expensive than a strike. Higher wages may lead to more automation, fewer benefits, or a loss of the firm's competitive position. Sometimes the union controls most or all of a particular skill, such as carpentry or plumbing, enabling the union to raise the prevailing rate for those jobs.

Unions may also limit management's flexibility in administering merit increases, since unions often argue for raises that are based on seniority and are applied across the board equally. If the industry is subject to competition from foreign producers or nonunion start-ups, unionised firms may be forced to reduce labour costs through automation, by laying off workers, or by producing their products in another country.

Child labour, overtime, and other provisions of the FLSA are enforced by the Wage-Hour Division of the U.S. Department of Labour, which can initiate an investigation without receiving complaints. Failure to comply can lead to expensive back-pay claims. For example, the U.S. Postal Service agreed to pay $400 million to 800,000 current and past employees after it underpaid them for a five-year period.

In 1963, the FLSA was amended by the Equal Pay Act, as discussed in the unit. This amendment was passed to eliminate sex-based discrimination in pay. It requires employers to pay men and women equal wages when their jobs are equal in skill, effort, and responsibility and arc performed under similar conditions. Exceptions are allowed when a valid seniority or merit system exists. In that case employers can pay more to senior workers or workers who perform better. Exceptions also are allowed when pay is determined by the employee's productivity, as in the case of sales commissions. As explained more fully in the federal government enforces these provisions by requiring wrongdoers to equalise pay and make up for past discrepancies.

3.3.2 Comparable Worth and Equal Pay

Beyond “equal pay for equal work” is the idea of “comparable pay for comparable work,” called *comparable worth*. It requires employers to pay equal wages for jobs of comparable value. Under the Equal Pay Act, for example, male and female nurses would have to be paid the same if their seniority and merit matched but a female nurse and a male electrician could be paid different rates. Under comparable worth, however, if a nurse and an electrician both receive approximately the same number of points under a job evaluation point system, they have to be paid the same, subject presumably to merit and seniority differences.

Comparable worth is used to eliminate the historical gap between the in-comes of men and Women. (In the United States women earn on average 71 percent as much as men do. This gap exists in part because women have traditionally found work in lower-paying occupations such as teaching, retailing, and nursing. Part of the difference in earnings results from women leaving the workforce to have and care for children or parents, and part probably results from discrimination. Although comparable worth approaches may reduce the gap, this compensation theory ignores the marketplace. If in the previous example nurses were paid $34,000 a year and electricians were paid $42,000 comparable worth would require paying the nurses $42,000 even though salary surveys showed the market rate to be $34,000. If legislative bodies or the courts mandate comparable worth, analysts will face a major challenge in restructuring their compensation plans to comply while trying to obtain, maintain, and retain a cost-effective workforce.

Limited experience with comparable worth doctrines comes almost exclusively from the public sector. More than 100 state and local government initiatives in support of comparable worth have been launched. Minnesota, for example, has a statute that mandates the implementation of comparable worth in each political subdivision in the state. Since they are not subject to the direct marketplace pressures faced by for-profit organisations, political subdivisions may have greater latitude to experiment.

Research into comparable worth shows that different job evaluation approaches can widen or narrow the gap in pay for comparable jobs. For example, interpersonal or communication skills are important in female-dominated occupations such as bank tellers, public school teachers, and nurses. But is view of a traditional factor comparison chart or point system matrix do not directly acknowledge those skills, presumably lumping them under “responsibility” and “mental effort” as a pair of researchers concluded.

3.3.3 International Compensation Challenges

The globalisation of business affects compensation management. Compensation analysts must focus not only on equity but on competitiveness too. Firms that compete globally may find that using local area salary surveys in the home country even for compensating home-country employees-may ensure equity in the home labour market, but benchmarking wages and salaries among home-country competitors especially if they are all in a developed nation may lead to labour costs that are too high to compete with foreign operations that have lower compensation costs. Jobs may have to be restructured to use less expensive labour, be automated, or be moved to lower-cost countries for the organisation to survive.

The growing globalisation of business also means greater movement of employees among countries. As employees are relocated, compensation specialists are challenged to make adjustments that are fair to the employee and the company while keeping competitiveness in mind. Figure 4.6 lists the top six compensation issues facing HR managers in global firms. Most commonly, these challenges affect executive compensation, although professional, managerial, and technical workers are increasingly affected. As two researchers observed:

3.3.4 The Top Six Issues Facing HR Managers of Global Firms

In a brief survey conducted by the Institute for International Human Resources, the following items were identified in order of priority:

- managing expatriate expectations
- adding "appropriate" value to expatriate compensation packages
- "localization" of expatriate compensation
- cost containment
- global pension schemes
- integration of HR planning with expatriate compensation.

Fig. 4.6:
Source: international HR Update CBC Inc. January-February 1993. p. 31

When international assignments are temporary, usually under a year, the employee is paid his or her regular salary plus adjustments. These additional amounts typically cover transportation, temporary living quarters, and cost-of: living differentials. Educational supplements may be added if children join the employee. Bonuses may be used to compensate for hardships, particularly if the employee is sent to a less than desirable location. For extended stays, relation expenses may also include the purchase of the employee's residence at the appraised value, company-paid trips back to the home country, legal expenses for adjusting wills, supplements to offset higher taxes in the new country, and other adjustments to income.

Additional compensation costs may include benefits not common in the home country but usually provided to employees overseas. For example, the high taxes in many developed nations have led to a long list of non pay (and therefore non- taxed) benefits-such as company cars (with drivers), servants and club memberships-being provided instead of the high salaries drawn by U.S. executives.

3.3.5 Productivity and Costs

Regardless of company or social policies, employers must make a profit to survive. Without profits, they cannot attract enough investors to remain competitive. Therefore, a company cannot pay its workers more than the workers give back to the firm through their productivity. However, if this should happen (because of labor scarcity or union power), the company must redesign those jobs, train new workers to increase the supply, automate, innovate, or go out of business.

Two-tiered wages and bonuses are innovations that became widespread during the 1980s. As the name implies, employers created two wage structures, usually one for current employees and one for future recruits. Current employees often retain their current wages and rate ranges; future employees, however, are paid a lower rate to start. The lower starting rate--often combined with a lower midpoint and maximum in the rate range-assures the employer lower labor costs as current employees leave and are replaced by lower-cost recruits. These two tiers are most commonly found in unionised companies, especially those which have faced extreme cost cutting within the industry. Meatpacking, automobiles, trucking, and airlines are a few of the more widely publicised industries with two-tiered wage structures. This approach allows union leaders to maintain the wages of their current (and voting) members while enabling employers to reduce their labour costs. Since some two-tiered systems allow recruits to catch up to the first-tier rates over two, five, or ten years, these savings may be temporary. In recent years, the use of two-tiered wage approach has declined because workers and researchers have raised questions about the equity of different rates of pay for the same work.

Other innovations help employer productivity and costs. Instead of wage increases that permanently raise workers' pay levels, about one-fifth of employers give lump-sum bonuses. These bonuses are not part of the employees' base pay. If sales, productivity, or profits falter the following year, bonuses are not given, providing a cushion of lower labour costs in years of poor performance. And since lump-sum bonuses do not raise the base wage, future merit or across-the-board raises start from a lower base pay. Likewise, overtime, pensions, disability insurance, and other benefits are usually linked to base pay. By using lump-sum bonuses instead of increasing the hourly rate, General Motors might save as much as $86 million in one year.

SELF -ASSESSMENT EXERCISE

i. What is job evaluation?
ii. What role does it play and how?
iii. What would HR department do without job evaluations?
iv. Is job evaluation objective or subjective concept and who conducts it and with what tools?

4.0 CONCLUSION

Of course, productivity and cost innovations are not limited to wages. Outdated work rules have been changed by union-management negotiators in return for pay increases (or no pay cuts). Narrow job classifications, for example, may be expanded, giving operating managers more flexibility in job assignments and giving compensation specialists broader job groupings, with the savings allowing the employer to maintain and even improve compensation. GE's use of two job classifications in its Puerto Rican operation and the corporate office's decision to compress the number of salary grades are two examples of greater flexibility.

Two other productivity and cost-related areas merit mention. First, fringe benefits-especially medical costs-have been a major target of cost-reducing efforts. These areas of cost improvement are addressed more fully in this unit. Second, more employers are trying to increase productivity and relate pay increases to gains in productivity through incentives and gain-sharing.

5.0 SUMMARY

Employee compensation, when properly administered, can further corporate strategy and be an effective tool to obtain, maintain, and retain a productive workforce. Since compensation can signal which behaviors are most valued, it has the potential to influence individual productivity strongly. If it is mismanaged, the results may be high turnover, increased absenteeism, more grievances, increased job dissatisfaction, poor productivity, and unfulfilled strategic plans.

For the pay component of compensation programs to be appropriate, wages and salaries must be internally and externally equitable. The relative worth of jobs is determined through job evaluation techniques. This ensures internal equity. Wage and salary surveys then determine external equity. Once internal and external equity have been determined, jobs are priced to determine their specific pay levels, which may be grouped into rate ranges for easier administration.

The actual amount paid may be further influenced by challenges such as strategic objectives, prevailing wage rates, union power, compensation policies, government constraints, globalisation of business, and worker productivity. The Fair Labour Standards Act is the major federal law affecting compensation management. It regulates minimum wages, overtime, and child labour. The Equal Pay Act seeks to eliminate sex-based pay differentials.

6.0 TUTOR-MARKED ASSIGNMENT

i. What is compensation and what do you understand by compensation management?
ii. The growing globalisation of business also means greater movement of employees among countries. As employees are relocated, compensation specialists are challenged to make adjustments that are fair to the employee and the company while keeping competitiveness in mind. What are these challenges and adjustments?
iii. Identify and discuss top six compensation issues facing HR managers in global firm?

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UNIT 5 HUMAN RESOURCES AUDIT, FUTURE, CHALLENGES AND PROSPECTS

CONTENTS

1.0 INTRODUCTION

The scope of the HR department’s responsibilities is broad, as suggested by this unit. Through a comprehensive audit, HR departments assess the subsystems of the overall model. But an effective audit does more than assess the subsystems; it ensures that the subsystems mesh to form a rational approach to the creation and delivery of services.

More than ever before, the HR function is expected to make a strategic contribution to a firm's competitive advantage. At the same time, growing diversity of the workforce, complex legal and ethical issues, and global and domestic competition are reshaping the role of HR management.

This unit examines the scope, approaches, and tools used in HR audits and research. It concludes with a review of future challenges that are likely to confront HR professionals.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain Audit of HR and the valuation of a human resource audit.
- outline what interview is, research approach to audit and common approaches to audits
- describe the benefits of HR management audit and role of research in human resource audit
- discuss the Audit Report, Grievance Audit, and future challenges facing human resource management practitioners
- describe the audit of managerial compliance, scope of HR Audit and impact third parties have on human resource management functions
- state the importance of globalisation, diversity, environment and its future, external information, employee rights, performance, productivity and its future.

3.0 MAIN CONTENT

3.1 The Scope of Human Resource Audits

A human resource audit evaluates the HR activities in an organisation with the intent of improving those activities. The audit may include one division or an entire company. It provides feedback about the HR function to operating and managing their HR duties, In short, the audit is an overall quality control check on HR activities in a division or company and on how those activities support the organisation's strategy. Besides, furthering the organisational objective of competitive advantage, the HR department must address societal, functional, and personal objectives. Societal objectives-often in the form of laws-must be met to ensure fair treatment and legal compliance. Functional objectives add professional and ethical challenges to the department's constraints. And the personal objectives of employees gain in importance and complexity as the workforce slows its growth and becomes more diverse, especially as HR professionals encounter increased executive expectations.

Top executives say that people are an increasingly important factor in distinguishing one company from another. As a result, many now consider the human resource functions as critical to business success.

CEOs are looking to their human resource departments for help on such "people" issues as productivity improvement, succession planning and culture change.

Some CEOs are attempting to reshape the mandate of the human resource function according to their companies' future business needs.

As a result of these forces, the HR function has grown dramatically more important and is likely to continue to gain in importance in the future. For modern HR departments to make a strategic contribution and meet other objectives their efforts must respect the importance and dignity of human beings; this was called the "human resource approach". At the same time, specialists must not lose sight of the systems approach, which subordinates the departmental subsystem to the larger system of the organisation. The organisation's success, not the HR departments, is the first priority. Achieving success requires service to managers and employees through a proactive approach. The department does not usurp each manager's HR responsibilities. Instead, a professional management approach assumes a dual responsibility between the worker's immediate supervisor and the HR department, with the department playing a major and proactive role in the areas outlined.

Nevertheless, errors happen. Policies and practices become outdated. By auditing itself as a first step toward continuous improvement, the HR department finds and corrects problems before they become serious. When done correctly, the evaluation process can build rapport between the HR department and operating managers. Also, it can reveal outdated assumptions that can be changed to meet the organization's objectives and future challenges. Of course, any self-audit assumes that department members are objective when they evaluate their performance and line management's compliance.

Benefits of Human Resource Management Audit

- Identifies the contributions of the HR department to the organisation.
- Improves the professional image of the HR department.
- Encourages greater responsibility and professionalism among members of the HR department.
- Clarifies the HR department's duties and responsibilities,.
- Stimulates uniformity of personnel policies and practices.
- Finds critical personnel problems.
- Ensures timely compliance with legal requirements.
- Reduces human resource costs through more effective persoffi1el procedures,

- Creates increased acceptance of needed changes in the HR department.
- Requires a thorough review of the HR department's information system.

3.1.1 Audit of the Human Resource Function

Audits logically review the HR department's work, Figure 5.1 lists the major areas covered. An audit touches on virtually every subject discussed in this unit. Reviewing only a few aspects of the HR management system may ignore. Obviously, audits are time-consuming. As a result, small firms use ad hoc arrangements that often limit the evaluation to selected areas. Very large organisations have audit teams similar to those used to conduct financial audits. These teams are especially useful when the department is decentralised into regional or field offices, as is the case at the State Farm Insurance Companies. Through the use of audits, the organisation maintains consistency in its practices even though there are several offices in different locations. And the mere existence of a corporate audit team encourages compliance and self-audits by the regional offices between visits.

Cliff Swain, a regional HR manager, noted that his chances for promotion to corporate headquarters depended on how well his region's offices performed. The corporate audit team reviewed his region's performance every June. In preparation for the audit, he had each HR office in the southwest region conduct a self-audit in April. Then, in early May, the administrators from the four branches met in Phoenix to review the results. Errors uncovered thorough the audit were corrected if possible. When the corporate audit team completed its review in June, it always gave Cliff's region high marks for compliance with company policies and employment laws.

3.1.2 Major Areas Covered by Human Resources Function Audits

Human Resources Information system

- Affirmative action plans
- Underutilisation and concentration
- Affirmative action goals
- Progress towards goals
- Human resource plans
- Supply and demand estimates
- Skills inventories
- Replacement charts and summaries

Job analysis information

- Job Standards
- Job description
- Job specifications

Compensation administration

- Wage, salary, and inventive levels
- Fringe benefit package
- Employer provided services

Staffing and development

- Sources of recruits
- Availability of recruits
- Employment application
- Selection ratios
- Selection procedures
- Equal opportunity

Training and orientation

- Orientation program
- Training objectives and procedures
- Learning rates

Career Development

- Internal placement success
- Career Planning program
- Human resources development effort

Organisation control and evaluation

Performance appraisal

- Standards and measure of performance
- Performance appraise techniques
- Evaluation interviews

Labor-management relations

- Legal compliance
- Management rights
- Dispute resolution problems

Human resource controls

- Employment communications
- Disciplinary Procedures
- Change and development procedures

Human resource audits

- human resource function
- operating mangers
- Employee feedback on personnel

- Identify who is responsible for each activity
- Determine the objectives sought by each activity
- Review the policies and procedures used to achieve those objectives
- Sample the records in the HR information system to learn if policies and procedures are being followed correctly
- Prepare a report commending proper objectives, policies, and procedures
- Development an action place to correct errors in objective, policies and procedures
- Follow up on the action place to see if it solved the problems found through the audit.

Fig.5.1:
Source: HRIS and Spectrum of HRF Audit, Conference Board of Canada, 2008, pp.97-8

3.1.3 Audit of Managerial Compliance

How well do managers comply with HR policies and procedures? If managers ignore policies or violate employee relations laws, the audit should uncover these errors so that corrective action can be started. Compliance with laws is especially important. When equal opportunity, safety, compensation, or labour laws are violated, the government holds the company responsible.

Besides ensuring compliance, the audit can improve the department's image and contribution to the company. Operating managers may have more respect for the department when an audit team seeks their views. If the comments of managers are acted on, the department will be seen as being more responsive to their needs. And since it is a service department, these actions may improve its contribution to organisational objectives. For example, consider what an audit team learned when it talked to managers of local claims offices.

After reading the team's report, the regional HR manager felt confident that the selection process was satisfactory. To resolve the complaints about field training, she created a two-week program for claims adjusters with her next budget increase.

3.1.4 Research Approaches to Audits

a. *Comparative approach*. The audit team compares its firm (or division) with another firm (or division) to uncover areas of poor performance. This approach is commonly used to compare the results of specific activities or programs. It helps detect areas of needed improvement.
b. *Outside authority approach*. The audit team relies on the expertise of a consultant or published research findings as a standard against which activities or programs are evaluated. The consultant or research findings may help diagnose the cause of problems.
c. *Statistical approach*. From existing records, the audit team generates statistical standards against which activities and programs are evaluated. With these mathematical standards, the team may uncover errors while they are still minor.
d. *Compliance approach*. By sampling elements of the human resource information system, the audit team looks for deviations from laws and company policies or procedures. Through its fact-finding efforts, the team can determine whether there is compliance with company policies and legal regulations.
e. *MBO approach*. When an MBO approach is applied to the human resource area, the audit team can compare actual results with

slated objectives. Areas of poor performance can be detected and reported.

Perhaps the simplest form of research is the comparative approach, in which another division or company that has better practices or results is chosen as a model. The audit team then compares its results or procedures with the "best practices" of the other organisation. This "best practices" approach often is used with absence, turnover, staffing levels, and salary data. It also makes sense when a procedure is being tried for the first time. For example, if a company installs an alcohol rehabilitation program, it may copy a successful program at another firm or division. Then the results of both programs are compared. IBM conducts a "Common Staffing Study" to compare employment levels among its various plants and facilities, for example.

The use of an outside authority is another approach. Standards set by a consultant or taken from published research findings serve as a benchmark for the audit team. For example, the consultant or industry wide research may indicate that the HR budget is usually about 3/4 to 1 % of gross sales. This figure then serves as a rough guidepost in evaluating the department's overall budget.

A statistical approach relies on performance measures drawn from the company's existing information system. For example, company records often track turnover and absenteeism rates from one period to another. Changes in these data may be helpful in identifying how well HR activities and operating managers control these problem areas. Often this approach is supplemented with comparative data from external sources such as other firms or industry sources such as industry association surveys. This information often is expressed as ratios that are easy to compute and use. For example, if 8 employees in a workforce of 200 miss work on a particular day, the absenteeism rate is 4 percent. Likewise, a company that averages 200 employees during the month and has 12 quit finds that its turnover rate is 6 % per month, or seventy two percent a year.

No one of these audit approaches can be applied to parts of HR management. More commonly, audit teams use several of these strategies, depending on the specific activities under evaluation. Then, as Figure 5.1 suggests, the audit team gives feedback on activities to those in the department, to operating managers, and to employees. Unfavourable feedback leads to corrective action that improves the contribution of HR activities.

3.2 Interviews

Interviews of employees and managers offer audit teams a powerful tool for collecting information about HR activities and identifying areas that need improvement. For example, when the turnover problem at Roy Rogers was identified, the director of resources and a consultant conducted interviews with field managers to learn about the issue. Criticisms and comments from interviews can help pinpoint perceptions and causes that can form the basis for departmental action. Likewise, suggestions by managers may reveal ways to provide them with better service. When the criticisms are valid, changes should be classification, location, supervisor, employee seniority, age, sex, and type of violation may uncover targets for additional safety training or equipment. Insurance companies or private consultants may assist the audit team in analysing these statistics.

3.2.1 Grievance Audits

The audit team also may be able to uncover a pattern to employee grievances brought through the company's in-house complaint process or through the union-management grievance procedure. Patterns may emerge by job classification, supervisor, union representative, age group, or contract provision. If patterns are detected, HR specialists seek the causes of grievances. And if union officials participate in finding such patterns, they may support management's suggested changes, which usually involve training or the rewording of the union management agreement.

3.2.2 External Information

Information is the central tool of the audit team. Outside comparisons give the team a perspective against which the firm's activities can be judged. Some needed information is readily available, while other data may be difficult to find. Perhaps the most significant source of external information is the federal government. Through the Department of Labour, numerous statistics and reports are compiled. This department regularly publishes information about future employment opportunities, employee turnover rates, workforce projections, area wage and salary surveys, and severity and frequency rates of accidents that can serve as benchmarks for comparing internal information.

State unemployment offices and industrial development commissions often provide information that also can be used for comparative purposes. Workforce demographics-age, sex, education, and racial composition-are commonly available from state agencies and are useful in evaluating affirmative action programs.

Industry associations usually make specialised data available to their members. Of most use to audit teams are statistics on industry norms such as turnover rates, absenteeism rates, standard wage rates, growth rates, standardised job descriptions, accident rates, fringe benefit costs, and sample union management agreements.

Professional associations often provide similar information to members of the profession. Studies conducted by the association may include salary and benefit surveys, demographic profiles, and other data that can serve as standards against which the department's efforts are measured. Consultants and university research bureau may be able to provide information as well.

3.2.3 International Audits

HR audits of international organisations are more complex and more important. The complexity of auditing HR activities across foreign borders is compounded by differences in laws, languages, cultures, traditional practices, and expectations. The tendency for an audit team from the home country is to use its experiences and standards as a benchmark against which the evaluation is conducted. Various benchmarks may seem wrong merely because they differ from the experiences of the auditors. For example, discrimination by sex, race, tribal grouping, social status, religion, caste, or another no meritorious criterion may violate company policies but may also be an expected and even necessary practice in some foreign countries.

The greatest difficulty for the audit team lies in identifying areas of variation from company practices that are not justified by the foreign context. On the one hand, the HR function seeks uniformity in practices and procedures across all operations to ensure compliance with company policies and assure a uniform corporation culture. On the other hand, competition, laws, culture, and employee satisfaction may demand variations from company policies, practices, and procedures. Variations should be noted so that policy makers can decide whether such differences should be allowed to continue. Probing into the purpose of the variations may reveal appropriate justification or poor management practices. Of particular importance are variations that violate home-country laws even though those actions are accepted practice in the foreign country. For example, bribing government officials is a common practice in some countries, but when done by U.S firms, those actions violate the Foreign Corrupt Practices Act.

International audits are of particular importance precisely because of the wide variability in a global operation. Differences in education, experience, culture, and other factors may lead to different HR practices that at best inefficient and at worst ineffective. Unless business necessity justifies differences, the goal should be uniformity in policies, practices, and procedures throughout the organisation. This is not uniformity for its own sake. Instead, uniformity facilitates ease of administration and reassignment of personnel and makes research into intercompany comparisons easier and more accurate.

3.2.4 Audit Report

The audit report is a comprehensive description of HR activities that includes both commendations for effective practices and recommendations for improving practices that are less effective. Recognition of both the good and bad practices is more balanced and encourages wider acceptance of the report.

Often an audit report contains several sections. One part is for line managers, another is for managers of specific HR functions, and the final part is for the HR manager. For line managers, the report summarises their HR objectives responsibilities and duties. Examples of duties include interviewing applicants, training employees, evaluating performance, motivating workers, and satisfying employees' needs. The report also identifies people problems. Violations of policies and employee relations laws are highlighted. Poor management practices are revealed in the report along with recommendations.

3.2.5 Globalisation, Diversity, and the Environmental Context and Benefits

The United States, Canada, and Mexico are virtually eliminating all barriers to free trade, creating through the North American Free Trade Act, a North American trade bloc. At the same time, the European Union is becoming more closely integrated, creating another zone of free trade. Brazil, Argentina, Uruguay, and Paraguay are working steadily toward the creation of yet another trade bloc. And East Asia, led by Japan, contains some of the world's leading exporters. At the same time, deregulation of transportation, airlines, and financial institutions within the United States has increased the intensity of competition in those industries. Even governments at the federal, state, and local levels are under considerable budgetary pressures to perform with limited resources. These and other trends have placed growing pressures on organisations to perform better in terms of productivity, quality, time, and service.

Although technology, capital, materials, and energy are vital inputs in any organization, improved performance ultimately rests with the people who use those resources. But just as the demands on employees are increasing, HR experts and managers in the United States, Canada, and many European countries are confronted by a rapidly diversifying workforce. Consider these trends and their potential impact on HR management.

- In the United States, "an estimated 14.5 million employees work nonstandard hours Evenings, overnight, rotating shifts and split shifts-and in an economy gone global and a culture hungry for 24-hour everything, the numbers are growing.""
- “By the year 2000, 63 percent of all women over age 16 will be in the workforce, up from 57 percent in 1990."
- “The black workforce is projected to increase twice as fast and the Hispanic labour force is expected to increase four tin1es as fast as the white workforce."
- “Annual immigration into the United States will average 600,000 a year during the 1990s."
- "Non-Caucasians, women and immigrants are projected to make up more than five-sixths, or 83%, of the new additions to the work force between now and the next century."
- “More than eighty five percent of those who will be working in 2001 are already in the workforce today, and most will need training and retraining."
- ”Half of children under age 1 live in families where both parents work,"
- “The workforce in the United States will grow only 1.2 percent a year during the 1990s, down from 2.9 percent as recently as the 1970s."
- “The number of people employed by temporary-help firms has increased 400 percent."
- “Part-time workers represent 20 percent of the workforce in Denmark, Norway, Sweden, and the Netherlands, with 7.4 percent of the U.S. workforce composed of part-timers."
- “Mandatory retirement ages in the United States have been abolished."
- "People ages 50 to 60, though still energetic, are being passed over, pushed out, or shot with the so-called silver bullet of early retirement in extraordinary numbers.""
- “According to one study, eighty five percent of employers will conduct drug tests on at least some employees.'"
- “The number of AIDS cases is growing rapidly. More workers are likely to die from AIDS in the 1990s than from automobile accidents; already AIDS has killed more U.S. citizens than did the Vietnam conflict.'"
- “The United States has posted the slowest productivity growth among all major industrialised nations.

- To put some of these statistics in perspective, consider what a plant manager at Digital Equipment Corp. faces.

3.2.6 Employee Rights

Beginning in 1842, when the supreme court of the Commonwealth of Massachusetts ruled that joining a union was not a criminal conspiracy, judicial opinions and legislation have expanded employees' rights. Even the employer's right to lay off workers has been limited by the Worker Adjustment and Retraining Act (WARN). Likewise, employee terminations have been constrained by EEOC, OSHA, NLRB, and court rulings that have limited the "employment-at will" doctrine. And experience suggests that legislative and judicial efforts will expand employment-related rights even further. Although no one argues against protecting workers in a society of wage earners, the result of these growing limitations is increased responsibility and complexity for HR managers. In Europe, mandated benefits and services are credited with contributing to high and persistent unemployment rates during the 1980s and 1990s. Government-mandated employment requirements and fears about the cost of health-care reform in the United States are believed to have contributed to employer reluctance to hire new workers during the economic expansion of 1992-1995.

The list of current and future challenges continues to grow. The rights of smokers and nonsmokers provide an example that is part of a larger concern about workplace safety and health. Included here are concerns about radiation exposure from video display terminals and radon gas in the office and from chemicals and solvents in the factory. HR professionals also are involved with fearful employees and AIDS-infected coworkers. Another long-simmering issue is comparable worth." Should comparable work be paid equally? Or should "market rates" based on supply and demand prevails? Explosive medical costs and health-care reform are likely to put additional demands on employers beyond the extended coverage requirements of COBRA. And concerns over employee privacy-which have already caused many employee assistance programs use outside counselors-are likely to grow as employees' records become more readily accessible electronically.

3.2.7 Employee Performance, Productivity and the Future

Real wages cannot go up faster than productivity does. The wealth and wellbeing of society depend on the productivity of its workforce. No major industrial nation has had worse productivity improvement than the United States during the last two decades: not Great Britain, not Italy, not France, and certainly not Japan or Germany. Although the United States remains the worldwide productivity leader (both total and per capita), the effects of losing that leadership in industries such as automobiles, shipbuilding, steel, and consumer electronics have led to serious economic dislocations for employers and employees. These dislocations will spread unless productivity improves relative to that of our trading partners.

Competitive advantage increasingly is followed in the creativity of employees.

Tapping that wellspring may be the best hope for both emerging and mature industries. As a sign in a Union Carbide plant observed: "Assets make things possible; people make things happen." Improved productivity through people is ultimately the fountainhead of all human progress. And HR professionals are key players in improving people productivity. Through pay and incentive systems geared to increased productivity, the department can help align labour costs with performance. Pay for performance, however, assumes measurable performance. Improved appraisal systems are likely to be demanded by cost conscious executives seeking to identify and reward top performers. In turn, those top performers will need sophisticated career planning assistance, training, flexible working hours, and flexible compensation systems--systems that proactive professionals are already designing and testing.

3.3 The Challenging Role of Human Resource Management and Prospects

"Downsizing" used to be associated with a contracting economy. Today, however, downsizing occurs even when the economy is expanding. By reengineering workplace practices and procedures, many firms are gaining increased efficiencies that allow them to compete in the global marketplace. Unfortunately, those efficiencies often result from reductions in a firm's workforce, placing considerable emotional and financial strains on the workers who are affected. The inevitable result for HR management will be more challenges and more importance attained to HR effectiveness. This additional importance will also mean additional responsibilities. The traditional duties of obtaining, maintaining, and retaining a qualified workforce will be expanded by additional roles that will demand even greater professionalism from the department leader and support staff.

Increasingly, HR managers are expected to contribute to the organisation’s strategic thinking. Marketing, production, and finance strategies depend on the abilities of the firm's people to execute these plans. To assist with the "people side" of implementation, HR directors will be forced to continuously uncover, through audits and research, the causes of and solutions to people related problems. Their diagnostic ability to assess current and potential human issues will be needed as they and their staffs increasingly serve as internal consultants to others who are facing HR-related challenges. Then they will be called on to facilitate manages in the organisation that maximise the human contribution. In short, the traditional administrative skills associated with HR management must grow to accommodate diagnostic, assessment, consultative, and facilitative skills.

At the same time, HR professionals must continue to address societal, organisational, functional, and personal objectives that challenge the organisation.

Societal challenges crop up as modem societies prosper or decline through the productive contribution of their organisations. It is therefore not surprising that society takes an active interest in these engines of wealth. Legislative and judicial trends increasingly put individual rights above those of organisations. The success of this trend during the last sixty years has led to employers becoming vehicles of social policy. Equal employment laws and the affirmative action plans they spawned, for example, caused organisations to achieve more racial equality in one generation than did a civil war and a century of "separate but equal" policies. More needs to be done, but social planners, legislators, and judges have learned to use modem organisations as instruments of social policy. It is trend is likely to continue.

3.3.1 Organisational and Functional Challenges

The HR function exists to further organisational effectiveness. Sometimes this entails pursuing societal objectives because doing otherwise may be illegal. Organisational challenges also mean that the department's goals-goals of efficiency or professionalism, for example-must be balance against the organisation's strategy and objectives. The HR department is a service department. When its members forget that, they cease serving the objectives of the organisation.

3.3.2 Key Drivers of Human Resource and Future Prospects

a. Globalisation, diversity, and the environmental context
b. Employee rights
c. Employee performance and productivity
d. The challenging role of HR management

SELF- ASSESSMENT EXERCISE

i. What is an Audit of Human Resources?

ii. What does a human resource audit evaluates in an organisation and how?
iii. What must the HR department address in furthering the organisational objective of competitive advantage?

4.0 CONCLUSION

A human resource audit evaluates the HR activities used in an organisation. Its purpose is to ensure that operating managers and HR specialists are following policies and maintaining an effective workforce. The scope of the audit includes HR specialists, operating managers, employees, and the external environment. Inputs are sought from all four sources because each has a unique perspective. And to be truly effective, HR activities must do more than meet the wishes of experts. They also must meet the needs of employees and operating managers as well as challenges from the environment and the company's strategic plans. The audit team uses a variety of research approaches and tools. Along with internal comparisons, the team compares the firm's efforts with those of other companies or with standards developed by external authorities and internal statistics. It may also evaluate compliance with laws or objectives set by management. Research tools include interviews, questionnaires, surveys, internal records, external sources, and experimentation. Through these tools, the audit team is able to compile an audit report.

5.0 SUMMARY

The audit report gives feedback to top management, operating managers, HR professionals, and the HR manager. Armed with this information, the HR manager can then develop plans to ensure that activities make an effective contribution to the organisation. If HR management is to be responsible, it needs to review its past performance through audits and research. At the same time, it needs a future orientation to anticipate upcoming challenges. Finally, a proactive view encourages HR professionals to contribute to both employee and company goals. With all the challenges facing HR professionals, their role is sure to grow in scope and importance. The key to this growth is how well they can help employees make a better contribution to their organisations. It is through their contribution that an organisation prospers. And it is through these life-giving and life-sustaining organisations that we prosper as individuals and as a society.

6.0 TUTOR-MARKED ASSIGNMENT

i. What do you understand by audit of human resources function and how do you go about conducting it?

ii. Identify and explain the benefits of a Human Resources Management Audit?
iii. What are the challenging roles of Human Resource Management?

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