

# PERSONNEL MANAGEMENT

(IT / HS / B / T / 422 )



09-Feb 2023 , 10 –Feb 2023 , 16 Feb 2023

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# Focus Areas

- Personal Management:
  - Meaning,
  - Functions of personal management
    - Manpower planning
    - Collective bargaining
    - Wages & salary administration,
    - Labor welfare,
    - Training,
    - Trade unions,
  - Industrial Factories Act
  - Industrial Boils Act
  - Trade Union Act

## DEFINITIONS

- **Personnel management** can be defined as obtaining, using and maintaining a **satisfied workforce**. It is a significant part of management concerned with employees at work and with their relationship within the organization.
- **“Personnel management is the planning, organizing, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and societal goals”**
- According to Brech, “Personnel Management is that part which is primarily concerned with human resource of organization.”



## Nature of Personnel Management

- ✓ Personnel management includes the function of employment, development and compensation-
- ✓ Personnel management is an extension to general management.
- Personnel management exist to advice and assist the line managers in personnel matters.
- Personnel management lays emphasize on action rather than making lengthy schedules, plans, work methods.
- ✓ It is based on human orientation.
- ✓ Personnel management deals with human resources of a concern.

## Role of Personnel Manager

1. Personnel manager **provides assistance** to top management

➤ He/She **advices the line manager** as a staff specialist

3. As a **counsellor**, - As a counsellor, personnel manager attends problems and grievances of employees and guides them. He/She tries to solve them in best of his capacity.

2. Personnel manager acts as a **mediator**

4. He/She acts as a **spokesman**- Since he is in direct contact with the employees, he is required to act as representative of organization in committees appointed by government. He represents company in training programmes.

## Functions of Personnel Management

- Manpower Planning
- Recruitment
- Selection
- Training and Development

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## Manpower Planning

➤ is also called as Human Resource Planning

Step 1: Analysing the Current Manpower Inventory



Step 2: Making Future Manpower Forecasts



Step 3: Developing Employment Programmes



Step 4: Design Training Programmes

## Analysis

- **Analysing the current manpower inventory-**
- Type of organization
- Number of departments
- Number and quantity of such departments
- Employees in these work units



## Forecasting

### Manpower forecasting Techniques

- **Trend Analysis:** Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
- **Work Load Analysis:** It is dependent upon the nature of work load in a department, in a branch or in a division.
- **Work Force Analysis:** Whenever production and time period has to be analysed, due allowances have to be made for getting net manpower requirements.
- **Other methods:**





## Developing employment programmes

Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

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## Design training programmes-

These will be based upon extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers

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## ✓ Importance of Manpower Planning

✓ **Key to managerial functions-** The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.

✓ **Efficient utilization-** Efficient management of personnels becomes an important function in the industrialization world of today. Setting of large scale enterprises require management of large scale manpower. It can be effectively done through staffing function.

✓ **Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans becomes an integral part of staffing function.

✓ **Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.

✓ **Higher productivity-** Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities ( Performance appraisal, training and development, remuneration)

## **TYPES OF RECRUITMENT**

### **➤ Internal Recruitment**

- ✓ **Transfers**
- ✓ **Promotions (through Internal Job Postings) and**
- ✓ **Re-employment of ex-employees**

### **➤ External Recruitment**

- ✓ **Employment at Factory Level**
- ✓ **Advertisement**
- ✓ **Employment Exchanges -**
- ✓ **Employment Agencies**
- ✓ **Educational Institutions -**
- ✓ **Recommendations -**
- ✓ **Labour Contractors**

## EMPLOYEE SELECTION PROCESS

✓ Employee Selection is the process of putting right men on right job.

✓ Preliminary Interviews-

✓ Application blanks

✓ Written Tests

✓ Employment Interviews-

✓ Medical examination-

✓ Appointment Letter-

# INDUSTRIAL RELATIONS

- Industrial Relations refers to the processes and systems by which relations with employees are managed that include trade unions, employer associations, labour legislation, collective negotiations and agreements.
- It refers to all relations that emerge in a workplace and that include relations between individual employees, employer and employees and also between employers.
- It also includes the relations that the employers and the employees have with the organisations, which promote their respective interests.

# Objectives of Industrial Relations

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Protect the interest and the rights of the management and the workforce.

- Promote mutual understanding and goodwill among those involved in the industrial process.
- Minimise industrial conflicts.
- Regulate production and increase productivity.
- Improve worker participation and involve them in decision making.
- Eliminate or minimise the number of strikes and lockouts.
- Enhance the economic status of the workers by means of good wages and benefits.
- Establish and maintain industrial democracy

## Actors Involved in an Industrial Relations System

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- Employers:
- Employee:
- Government:
- Trade unions:
- Employer associations:
- Courts and tribunals

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## • Industrial Disputes –

- The Industrial Disputes Act of 1947 defines industrial disputes as ‘any dispute or difference between employers and employers or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person’.
- Industrial disputes take different forms such as protests, strikes, demonstrations, lock-outs, retrenchment, dismissal of workers, and so on.
- The dispute prevention and resolution processes aim to help parties settle their grievances or disputes peacefully and with minimum disruption of work
- ***These procedures involve conciliation and mediation, arbitration and adjudication through a tribunal or labour court.***
- Model standing orders, joint management councils and collective bargaining help in settlement of industrial disputes.

## Settlement of Industrial Disputes

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- Model standing orders, joint management councils and collective bargaining help in settlement of industrial disputes.

1. • Model standing orders accurately define the conditions of employment.
  2. • Joint management councils help in facilitating mutual consultation between employers and workers over many important issues, which affect industrial relations.
  3. • Collective bargaining has been the most important process of resolving industrial disputes.
- The other processes in an Industrial Relations system include dispute settlement, communication procedures, discipline and grievance procedures, and systems for formulation of agreements. The nature and importance of these procedures is influenced by various external factors.



# Collective Bargaining

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- The term collective bargaining refers to the negotiations concerning pay and conditions of employment between trade unions and either an employer or an employers' association. The outcome of collective bargaining is called collective bargaining agreement (CBA).
- Procedural Agreements
  - resolve individual or group disputes
  - are included in the company hand book
  - provide information on the overall terms and conditions of employment and codes of behaviour
- A substantive agreement
  - deals with specific issues like basic pay, overtime and bonus payments etc

# Activities involved in collective bargaining

## • Distributive bargaining or conjunctive bargaining:

- All issues related to economic benefits
- Management wishes to increase work load / reduce payment
- Union expects increase in bonus etc

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## • Integrative bargaining or co-operative bargaining:

- Management & union sit to resolve issues in industry
  - Both parties discuss and solve problem
  - It involves negotiations where both parties gain and neither loses.
- For example, employees may bargain for better performance evaluation or training methods.

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# Activities involved in collective bargaining

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• **Attitudinal restructuring:** It involves negotiations for changing attitudes and ensuring harmony in the work place. It creates trust and co-operation between the parties involved. It involves demand creation- building up the perceived value of the commodity offered. Attitudinal bargaining usually takes place outside the boardroom. This could mean having dinner together, playing golf together, and just being friends.

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• **Intra-organisational bargaining:** It involves building consensus between workers and management in order to avoid conflicts. For example, if skilled workers feel that they are being neglected, the trade union negotiates to resolve this issue.

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# Characteristics of Collective Bargaining

Summary

- It is a group process wherein the employees are represented by one group and the employers by another.
- It involves negotiations, discussions and compromises.
- It is a very formal process governed by specific rules and regulations.
- It is procedural and involves a number of steps starting from the presentation of demands to the acceptance of the agreement.
- It is a bipartite process and always involves two parties.
- It is a democratic process and involves co-operation and consensus

# Industrial Disputes

- Industrial disputes are classified as economic and non-economic disputes.
- The following outlooks help in resolving disputes:
  1. • **Mutual accommodation:** Employees have to avoid uncompromising attitudes. They have to recognise, the unions' right for collective bargaining. Management needs to avoid threatening the workers and have to co-operate with them.
  2. • **Sincere implementation of agreements:** The management needs to implement all agreements reached with the trade unions, both in letter and in spirit. Non-implementation of agreements creates an atmosphere of mistrust and uncertainty.
  3. • **Sound personnel policies:** Personnel policies have to be formulated after consultation with workers or their representatives. Personnel policies have to be stated clearly and implemented in a fair manner.
  - **Progressive outlook:** Management needs to have a progressive outlook and be aware of their responsibilities and duties. Managers have to recognise the workers' unions, which aim to protect the interests of the workers.

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# The dispute settlement machinery

- **Conciliation and mediation:** The conciliation and mediation machinery consist of personnel trained in the art of conciliating disputes. The aim of the conciliator or the mediator is to break the deadlock by explaining the perceptions of one party to the other, conveying messages, and generally keeping the negotiations going. The conciliators or the mediators make suggestions, but it is the parties that ultimately decide the issues.

- **Arbitration or adjudication:** When strikes and lock-outs appear to be against national or public interest, the government may decide to refer the dispute to adjudication and force the parties to abide by the judgment of the adjudicator, and also prohibit the parties from stopping work.

- In India, the **Labour Court** and the **Tribunal** can be established both by the Central and state governments. But the **National Tribunal** is established only by the Central government to adjudicate disputes related to issues of national importance or which are of such a nature that industries located in more than one state are likely to be interested in or affected by them.

- The **Labour Court** adjudicates disputes related to the propriety or legality of standing orders, discharge or dismissal of workers, strikes, or lock-outs.

- The **Tribunal** and the **National Tribunal** generally deal with subject matters like wages, bonus, profit sharing, nationalisation, provident fund, gratuity, and so on.

# Trade Unions

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- A trade union or labour union is an administration of workforce grouped together to attain common goals such as enhanced operational circumstances.
- The Trade Union Act of India 1961 defines a trade union as 'an organisation, whether temporary or permanent, formed primarily for the purpose of regulating the *relations* between *workmen and employers* or between *workmen and workmen*, or between *employers and employers*, or for *imposing restrictive condition* on the conduct of any *trade or business*, and includes any federation of two or more trade unions.'
- Trade unions are created with the key goal of protecting the rights of the labour force

# Objectives of Trade Unions

- To improve the economic conditions of employees by securing better wages for them.
- To provide better working environment for the employees.
- To secure employee bonuses from the profit of the organisation.
- To resist schemes of the management which reduce employment, such as rationalisation and automation.
- To secure social welfare of employees through group schemes which benefit every employee.
- To protect the interests of employees by actively participating in the organisational management.
- To provide organisational stability, growth, and leadership.



# Activities of Trade Unions

- Representation

- Negotiation

- Member benefits

- Collective bargaining

- Industrial action

- Political activity

# Why workers join trade unions ?

- Greater bargaining power
- Minimal discrimination
- Sense of security
- Sense of participation
- Sense of belonging
- Platform for self-expression
- Betterment of relationships

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# Industrial Factories Act 1948

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- The Factories Act regulates labour employed in factories. It applies to the whole of India.
- This Act applies to all factories which use power and employ 10 or more workers, and applies to factories not using power and employing 20 or more workers, on any day of the preceding 12 months
- According to this Act, every factory has to be registered and needs to obtain a licence for working, which has to be renewed at periodical intervals.
- The plans, designs and specifications of any proposed construction or extensions to the factory have to receive the prior approval of the state government

# Industrial Factories Act 1948

- ✓ • **Facilities:** It specifies the minimum requirements regarding health (cleanliness, ventilation and temperature, lighting and control of glare, etc.) safety (protection of eyes, handling of explosive and inflammable materials, etc.), and general welfare of workers (first-aid, canteens, shelter rooms, crèches, urinals, drinking water, etc.).
- ✓ • **Safety:** Fencing of machinery needs to be done. Adequate fire-fighting facilities must be provided. Hoist and lifts have to be in good working condition. Stairs and passages have to be free from obstruction. Safety appliances to protect the eyes from dangerous dusts, gases, and fumes have to be provided. Pressure plants have to be regularly checked.

# Industrial Factories Act 1948

- ✓ **Working hours:** The working hours cannot be greater than 48 hours in a week. Weekly holiday is mandatory. Compensatory holidays have to be given if the worker works on weekly holidays. A worker cannot be made to work for more than nine hours in a day. Half an hour rest is to be provided after five hours of work. Overlapping of shifts is not allowed.
- ✓ **Overtime wages:** A worker has to be paid overtime wages at double the rate of regular wages if the worker works beyond nine hours a day or 48 hours a week.
- ✓ **Leave:** A worker is permitted a leave of one day for every 20 days of work performed in the previous calendar year provided that the worker had worked for 240 days or more in the previous calendar year..

# Industrial Factories Act 1948

- **Child employment:** Children below the age of 14 cannot be employed. Children between 14 and 15 years of age can be employed only for 4.5 hours per day or during the night. Adolescents cannot work between 7 pm and 6 am.
- **Obligation regarding hazardous processes and substances:** Provide information about hazardous substances and processes and the dangers and health hazards involved. Ensure safety measures and make emergency plans. Appoint safety committees.

# Indian Trade Unions Act, 1926

- The Indian Trade Unions Act was passed in 1926 and has been amended in 1928, 1960 and 1964 and 2001.
- The Indian Trade Union Act is applicable to the whole of India
- The main activity of trade unions is collective bargaining. Trade unions stand up for the rights of the workers and ensure better working conditions.
- The Trade Union Act of 1926 recognises the rights of workers to form trade unions and to resort to strikes to enforce their demands
- The Trade Union Act specifies the rights and duties of the trade unions and also grants immunity to the leaders and members of the trade union from civil and criminal proceedings for legitimate trade union activities.

# Indian Trade Unions Act, 1926

- This Act regulates the membership rates to the unions and also specifies the refund procedure.
- This Act specifies that at least half of the office bearers of the trade union must be engaged or employed in the industry with which the trade union is connected
- Two or more registered trade unions can be amalgamated together as one trade union with or without dissolution or division of their funds, provided that at least 60 percent of the members of the unions vote in favour of the proposal.



# Industrial Disputes Act, 1947

- ✓ The main aim of this Act is to settle industrial disputes and maintain peace in the industrial sector.
- ✓ **Works committee:** If the establishment has employed more than 100 workers in the preceding 12 months, then a works committee consisting of the representatives of the employers and the employees is formed. The number of employee representatives will not be lesser than that of the employers.
- ✓ **Conciliation officers:** The duty of the conciliation officer is to settle disputes amicably and fairly. The function of the conciliation officer is mostly administrative.

# Industrial Disputes Act, 1947

✓ **Board of conciliation:** This is constituted to settle complex and important disputes. It is usually formed if the works committee is unable to settle the disputes. It has equal representations from the employer and the employees

✓ **Court of enquiry:** This investigates all matters referred to it and submits its findings to the government within six months from the beginning of the enquiry.

# Industrial Disputes Act, 1947

- **Labour court:** This adjudicates industrial disputes. The state government appoints one person who has served as any of the following to enquire and give a verdict.

- o A former judge of the high court
- o A judge for three years in the district court
- o A member of any tribunal for at least two years
- o A judge in any court of the country for seven years
- o A chairman for any provincial labour court for at least five years.

# Industrial Disputes Act, 1947

• **Industrial tribunal:** This has only one person nominated in it to adjudicate industrial disputes. Such a person must have served as any of the following:

- o A judge of a High Court

- o A district Judge or an additional district judge for at least three years

The government can also appoint two persons as “assessors” to assist the tribunal.

# Industrial Disputes Act, 1947

- **National Tribunal:** This is appointed by the Central government to settle disputes of national importance or if the industrial establishments involved function in more than one state of the country.
- One person who has served as any one of the following is appointed to the tribunal:
  - o A judge of a high court
  - o A chairman of the Labour Appellate Court for at least two years.
  - o **Arbitration:** Any dispute can be referred to arbitration with the consent of the parties involved. The consent has to be obtained before the dispute is referred to a tribunal or a court. The Board of Arbitration needs to have equal representations from the parties involved and if the parties decide so, one person can be elected to be the arbitrator to settle the dispute.

# Industrial Disputes Act, 1947

- The Industrial Disputes Act prohibits public utility services and other establishments which are essential for maintaining public service from indulging in strikes and lockouts.
- The Industrial Disputes Act also has provisions which ensure that an employer does not illegally retrench or refuse to employ workers.
- It also ensures that workers receive adequate compensation in case of retrenchment or layoff.
- Both the employers and the employees are bound by any agreement reached.
- Persons who breach the agreement are punishable by fines or imprisonment.



