

STUDY MATERIAL FOR B.B.A
HUMAN RESOURCE MANAGEMENT

UNIT	CONTENT	PAGE Nr
I	HUMAN RESOURCE	02
II	HR PLANNING	13
III	RECRUITMENT-SELECTION	36
IV	PERFORMANCE EVALUATION	55
V	INDUSTRIAL RELATIONS	64

UNIT - I
HUMAN RESOURCE MANAGEMENT

Introduction:

Human Resource Management is a process of bringing people and organization together so that the goals of each are met. It is the part of the management process which is concerned with the management of human resources in an organization. It tries to secure best from the people by winning their whole hearted co-operation. In short, it may be defines as the art of procurement, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner.

Henry Fayol the pioneer in the field of management state “Take out my building take out my machines and all capital but leave my men with me, I will become Henry Fayol again”. He highlighted that human resources in an organization play a crucial role. The human resource refers to the knowledge, skills, abilities, values, aptitude and beliefs possessed by the workforce in organization.

DEFINITION

Human Resource Management is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal), providing proper compensation and benefits, motivating, maintaining proper relations with labor and with trade unions, maintaining employee’s safety, welfare and health by complying with labor laws of concern state or country.

Many great scholars had defined human resource management in different ways and with different words, but the core meaning of the human resource management is how to manage people or employees in the organization.

According to Byars and Rue , “HRM encompasses those activities that are designed to provide for coordinate the human resources of organizational”.

According to Invancevich and Glueck, “HRM is concerned with the most effective use of people to achieve organizational and individual goals”.

According to Edwin Flippo , HRM as “planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

The National Institute of Personal Management (NIPM) of India has defined human resources – personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

CONCEPTS OF HRM

Many people find HRM to be an unclear and strange concept. ‘This is not simply because of having variety of meanings to this term. This confusion is mainly due to the

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different interpretations found in articles and books about human resource management. HRM is the philosophy of people management based on the belief that human resources are extremely important for sustained business success. An organization acquires competitive advantage by using its people effectively and utilizing their expertise to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people. Managing and rewarding their performance and developing key competencies.

OBJECTIVES OF HRM

The primary objective of HRM is to ensure the availability of competent and willing workforce to an organization. The specific objectives include the following:

- a. Human capital: assisting the organization in obtaining the right number and types of employees to fulfill its strategic and operational goals.
- b. To develop organizational climate: Helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest and to employ the skills and abilities of the workforce efficiently.
- c. Helping to maintain performance standards and increase productivity through effective job design; providing adequate orientation, training and development, providing performance-related feedback; and ensuring effective two-way communication.
- d. To Promote Harmony: Helping to establish and maintain a harmonious relationship between employer/employee.
- e. Helping to create and maintain a safe and healthy work environment.
- f. Developing programs to meet the economic, psychological, and social needs of the employees and helping the organization to retain the productive employees.
- g. Ensuring that the organization is in compliance with provincial/territorial and federal laws affecting the workplace (such as human rights, employment equity, occupational health and safety, employment standards, and labour relations legislation) to help the organization to reach its goals.
- h. To provide organization with well-trained and well-motivated employees.
- i. To increase the employee's satisfaction and self-actualization.
- j. To develop and maintain the quality of work life.
- k. To communicate HR policies to all employees.
- l. To help maintain ethical policies and behaviour.

CHARACTERISTICS OF HRM

- a. **Pervasive Function:** HRM is present in all the enterprises.
- b. **Action-Oriented:** Scope of HRM is not only limited to record keeping.
- c. **People-Oriented:** HRM is all about people at work, both as individuals and groups
- d. **Development-Oriented:** HRM intends to develop the full potential of employees.
- e. **Integrated Function:** Build relations between people working at various levels in the organization.
- f. **Comprehensive Function:** It covers all the type of personnel.
- g. **Auxiliary service:** It is a staff function (Advice).
- h. **Inter-Disciplinary Function:** Utilizing knowledge and inputs drawn from psychology, economics etc.
- i. **Continuous Function:** HRM is not a one shot deal.
- j. Involves team spirit & team work.
- k. Management function.
- l. Helps in achieving goals i.e. individual, organizational & social objectives.

m. Involves procurement, development & maintenance of human resource.

FUNCTIONS OF HRM

Human Resource Management is a management function concerned with hiring, motivating, and maintaining workforce in an organisation. Human resource management deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. Human resource management ensures satisfaction of employees and maximum contribution of employees to the achievement of organisational objectives.

According to Armstrong (1997), Human Resource Management can be defined as “a strategic approach to acquiring, developing, managing, motivating and gaining the commitment of the organization’s key resource – the people who work in and for it.”

Human Resource Management functions can be classified in following three categories.

1. Managerial Functions
2. Operative Functions
3. Advisory Functions

Managerial Functions:

The Managerial Functions of Human Resource Management are as follows:

1. Human Resource Planning

In this function of HRM, the number and type of employees needed to accomplish organisational goals is determined. Research is an important part of this function, information is collected and analysed to identify current and future human resource needs and to forecast changing values, attitude, and behaviour of employees and their impact on organisation.

2. Organising

In an organisation tasks are allocated among its members, relationships are identified, and activities are integrated towards a common objective. Relationships are established among the employees so that they can collectively contribute to the attainment of organisation goal.

3. Directing

Activating employees at different level and making them contribute maximum to the organisation is possible through proper direction and motivation. Taping the maximum potentialities of the employees is possible through motivation and command.

4. Controlling

After planning, organising, and directing, the actual performance of employees is checked, verified, and compared with the plans. If the actual performance is found deviated from the plan, control measures are required to be taken.

Operative Functions:

The Operative Functions of Human Resource Management are as follows:

Recruitment and Selection

Recruitment of candidates is the function preceding the selection, which brings the pool of prospective candidates for the organisation so that the management can select the

right candidate from this pool.

Job Analysis and Design

Job analysis is the process of describing the nature of a job and specifying the human requirements like qualification, skills, and work experience to perform that job. Job design aims at outlining and organising tasks, duties, and responsibilities into a single unit of work for the achievement of certain objectives.

Performance Appraisal

Human resource professionals are required to perform this function to ensure that the performance of employee is at acceptable level.

Training and Development

This function of human resource management helps the employees to acquire skills and knowledge to perform their jobs effectively. Training and development programs are organised for both new and existing employees. Employees are prepared for higher level responsibilities through training and development.

Wage and Salary Administration

Human resource management determines what is to be paid for different type of jobs. Human resource management decides employees compensation which includes - wage administration, salary administration, incentives, bonuses, fringe benefits, and etc.,

Employee Welfare

This function refers to various services, benefits, and facilities that are provided to employees for their well being.

Maintenance

Human resource is considered as asset for the organisation. Employee turnover is not considered good for the organisation. Human resource management always tries to keep their best performing employees with the organisation.

Labour Relations

This function refers to the interaction of human resource management with employees who are represented by a trade union. Employees comes together and forms an union to obtain more voice in decisions affecting wage, benefits, working condition, etc.,

Personnel Research

Personnel researches are done by human resource management to gather employees' opinions on wages and salaries, promotions, working conditions, welfare activities, leadership, etc,. Such researches helps in understanding employees satisfaction, employees turnover, employee termination, etc.,

Personnel Record

This function involves recording, maintaining, and retrieving employee related information like - application forms, employment history, working hours, earnings, employee absents and presents, employee turnover and other data related to employees.

Advisory Functions:

The *Advisory Functions* of Human Resource Management are as follows:

Human Resource Management is expert in managing human resources and so can give advice on matters related to human resources of the organisation. Human Resource Management can offer advice to:

1. To Top Management:

Personnel manager advises the top management in formulation and evaluation of personnel programs, policies, and procedures.

2. To Departmental Heads:

Personnel manager advises the heads of various departments on matters such as manpower planning, job analysis, job design, recruitment, selection, placement, training, performance appraisal, etc.

Role of Human Resources Manager:

The primary task of the HR manager is to ensure that the organization's human resources are utilized and managed as effectively as possible. Human resource administrators help design and implement policies and programmes that enhance human abilities and improve the organization's overall effectiveness. Top executives have learned sometimes the hard way - that inattention to personnel relations and neglect of HR programs are often the cause of poor labour management relations, excessive absenteeism and turnover, lawsuits charging discrimination, and substandard productivity. More and more leaders of public and private organization recognize that people are the organization's primary resource and acknowledge the HR manager's role in developing the human resource.

Functions of a Human Resource Manager:

A human resource manager, charged with fulfilling the objectives of an organisation, should be a leader with high intellectual powers, a visionary and a philosopher who provides the initiative to shape the future in terms of leading the human beings in an organisation towards more prosperous and progressive policies.

1. As an Intellectual:

The basic skill in the human resource field as compared to technologists or financial experts is the skill to communicate, articulate, understand and above all, to be an expert when it comes to putting policies and agreements in black and white. The personnel man's skill lies in his command over the language. A personnel man has to deal with employees and he must possess the skills of conducting fruitful and systematic discussions and of communicating effectively. He should also be in a position to formulate principles and foresee the problems of the organisation. This means that he would require the mental ability to deal with his people in an intelligent manner as well as to understand what they are trying to say.

2. As an Educator:

It is not enough that a human resource man has command-over the language, which, however, remains his primary tool. He should be deeply interested in learning and also in achieving growth. Basically, human beings like to grow and realise their full potential. In order to harmonies the growth of individuals with that of the organisation, a personnel administrator must not only provide opportunities for his employees to learn, get the required

training and assimilate new ideas but also he himself should be a teacher. A personnel man who simply pushes files and attends labour courts for conciliation purposes and other rituals of legal procedure for the settlement of industrial disputes is not a personnel administrator of the future.

3.As a Discriminator:

A human resource administrator must have the capacity to discriminate between right and wrong, between that which is just and unjust and merit and non-merit. In other words, he should be a good judge when he sits on a selection board, a fair person when he advises on disciplinary matters and a good observer of right conduct in an organisation.

4.As an Executive:

The human resource man must execute the decisions of the management and its policies with speed, accuracy and objectivity. He has to streamline the office, tone up the administration and set standards of performance. He has to coordinate the control functions in relation to the various other divisions and, in doing so he should be in a position to bring unity of purpose and direction in the activities of the personnel department. He must ask relevant questions and not be merely involved in the office routine whereby the status quo is maintained. He should have the inquisitiveness to find out causes of delay, tardy work and wasteful practices, and should be keen to eliminate those activities from the personnel functions which have either outlived their utility or are not consistent with the objectives and purposes of the organisation.

5.As a Leader :

Being basically concerned with people or groups of people, and being placed in the group dynamics of various political and social functions of an organisation, a Human resource man must not shirk the role of leadership in an organisation. He, by setting his own example and by working towards the objectives of sound personnel management practices, must inspire his people and motivate them towards better performance. He should resolve the conflicts of different groups and build up teamwork in the organisation.

6.As a Humanist:

Deep faith in human values and empathy with human problems, especially in less developed countries, are the sine qua non for a Human resource man. He has to deal with people who toil at various levels and partake of their joys and sorrows. He must perform his functions with sensitivity and feeling.

7.As a Visionary:

While every leading function of an organisation must evolve its vision of the future, the primary responsibility for developing the social organisation towards purposive and progressive action falls on the personnel man. He should be a thinker who sets the pace for policy-making in an organisation in the area of human relations and should gradually work out new patterns of human relations management consistent with the needs of the organisation and the society. He must ponder on the social obligations of the enterprise, especially if it is in the public sector, where one has to work within the framework of social accountability. He should be in close touch with socio-economic changes in the country. He should be able to reasonably forecast future events and should constantly strive to meet the coming challenges.

Significance of Human Resource Management:

Human Resource Management is of utmost important from at least three standpoints, social, professional and individual enterprises.

1. Social Significance:

The effective management of human resources is likely to serve the goals of our society. It can serve the following goals:

- a. It can help to maintain an even balance of jobs and job holders to raise living standards of individuals in society.
- b. It can help people to avail the best most productive and most gainful jobs where they can be most satisfy and effective.
- c. It can help to ensure the best protection and conservation of human resources to prevent its wasteful or careless use.
- d. It can help people to take decisions with minimum direction and control.

1. Professional Significance:

From professional standpoint, the management of human resources is also of great significance. It can provide motivation for effective teamwork by providing desirable working conditions and policies. Specifically, it can serve following professional goals.

- a. It can help in maintaining the dignity of individual members.
- b. It can help in providing maximum opportunities for personality development of each participant in the organization.
- c. It can help in improving employees working skills and capacity thereby increasing productivity and standard of living.
- d. It can provide healthy relationship between different work groups so that work is effectively be performed.
- e. It can ensure conservation of human resources by correcting errors of wrong placement and proper reallocation of work.

1. Individual Enterprise Significance:

The management of human resource management has also significance from stand points of the objectives of the individual enterprise. It can help the individual enterprise to achieve its goal by

1. Obtaining capable people through scientific recruitment and selection techniques. Enterprise can identify proper sources of manpower supply and select the suitable candidates among available personnel
2. Using proper training and development techniques, the existing manpower can be effectively and efficiently utilized. The proper training and development programmes help the employees to learn new techniques of production, thereby increasing productivity and quality of product. Training programmes also prevent industrial accidents and manpower obsolescence. Thus, ultimately helps in improving organizational climate.
3. Maintaining the willingness of people to work through equal provisions of opportunities for satisfaction of human needs not only physiological and security but also need of love, esteem and self actualization.

SYSTEM APPROACH OF PERSONNEL MANAGEMENT

System is “particular linking of interrelated and interdependent components having a facilitating effect, on the carrying out of one or more process”. Components in HRM are of various sub systems like recruitment, development, compensation, social security measures , strategic issues, industrial relations etc. these components are interrelated as industrial relations is the outcome of HRM policies and practices. They are interdependent as the development activities depend on the type of candidate selected. These sub systems are linked with each other based on the corporate level strategies and departmental level strategies. It has facilitating effect on the process of contributing the human resources for the achievement of overall organizational goals. A model of system approach of personnel management is viewed below.

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Objectives and organisation of HRM Strategic

HRM

Employment

- Job design and analysis
- Human resource planning
- Recruitment and selection

Human resource development

- Performance appraisal
- Training and development
- Career planning and development
- Promotion, transfer and demotion
- Absenteeism and labour turnover
- Management of change, development and culture

Compensation management

- Job evaluation
- Wage and salary administration
- Social security and welfare

Human relations

- Motivation and job satisfaction
- Morale
- Communication
- Leadership
- Work environment, Industrial accidents, safety and health

Industrial relations

- Indian labour market
- Industrial relations
- Trade unionism
- Collective bargaining
- Industrial concept
- Worker's participation on management
- Quality circles

Recent trends in HRM

- Quality of work life and empowerment
- Total quality management in HRM
- HR Accounting, Audit and research
- Recent techniques in HRM

ORGANISATIONAL STRUCTURE

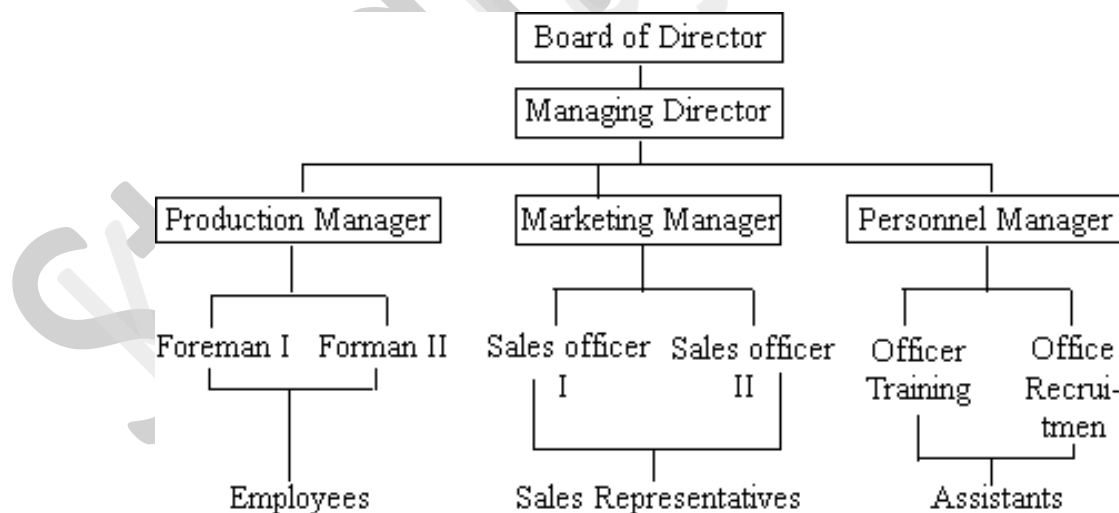
Organisational structure is the typically hierarchical arrangement of lines of authority, communications, rights and duties of an organization. Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management. A structure depends on the organization's objectives and strategy. In a centralized structure, the top layer of management has most of the decision making power and has tight control over departments and divisions. In a decentralized structure, the decision making power is distributed and the departments and divisions may have different degrees of independence.

Different Types of Organizational Structure:

Organizations are set up in specific ways to accomplish different goals, and the structure of an organization can help or hinder its progress toward accomplishing these goals. Organizations large and small can achieve higher sales and other profit by properly matching their needs with the structure they use to operate. There are three main types of organizational structure: functional, divisional and matrix structure.

1. Functional Structure:

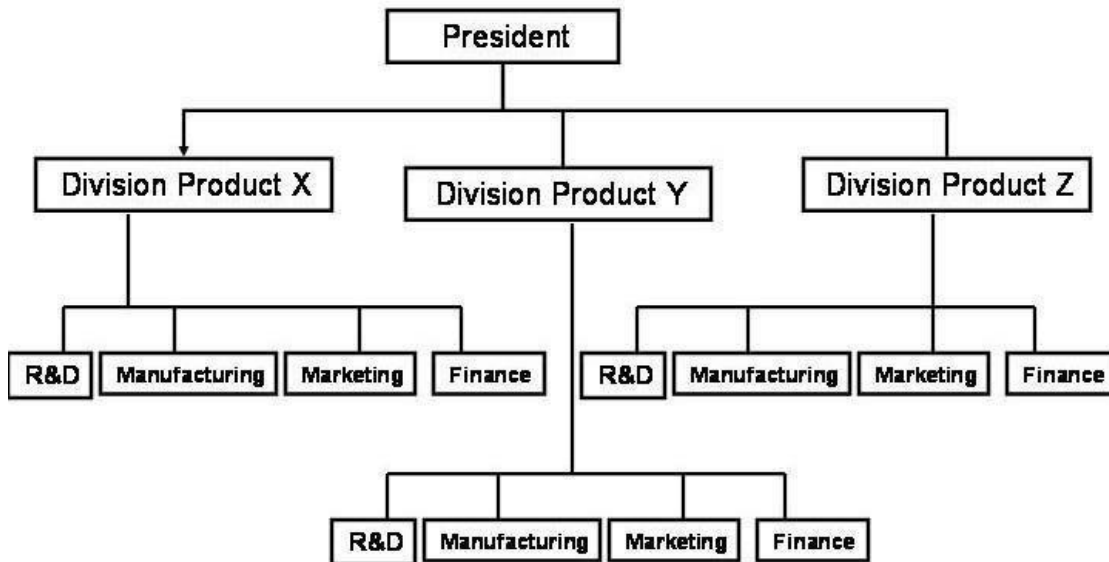
Functional structure is set up so that each portion of the organization is grouped according to its purpose. In this type of organization, for example, there may be a marketing department, a sales department and a production department. The functional structure works very well for small businesses in which each department can rely on the talent and knowledge of its workers and support itself. However, one of the drawbacks to a functional structure is that the coordination and communication between departments can be restricted by the organizational boundaries of having the various departments working separately.



2. Divisional Structure:

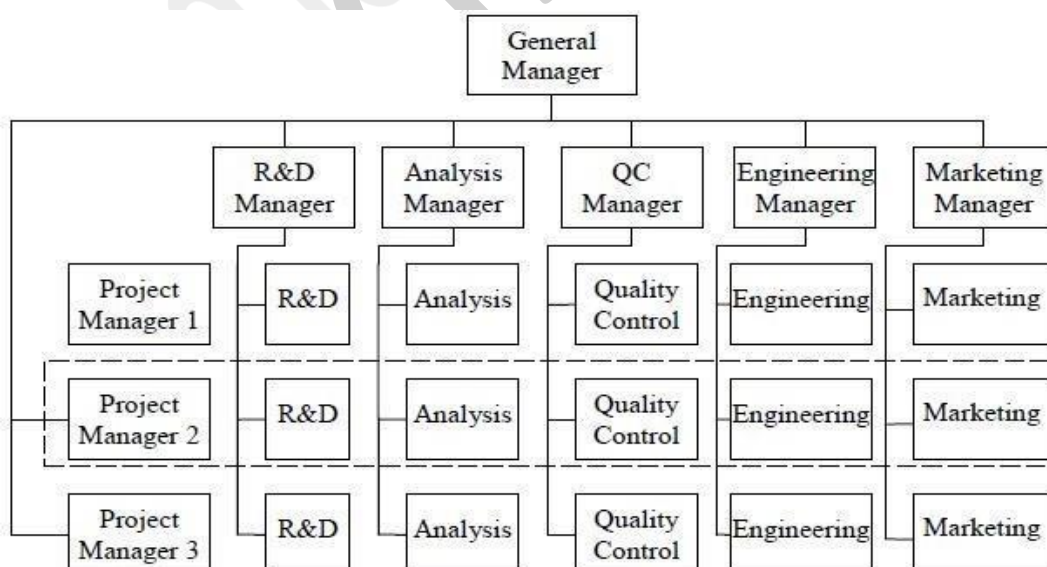
Divisional structure typically is used in larger companies that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas. For example, the now-defunct Tecumseh Products Company was organized divisionally with a small engine division, a compressor division, a parts division and divisions for each geographic area to handle specific needs. The

benefit of this structure is that needs be met more rapidly and more specifically; however, communication is inhibited because employees in different divisions are not working together. Divisional structure is costly because of its size and scope. Small businesses can use a divisional structure on a smaller scale, having different offices in different parts of the city, for example, or assigning different sales teams to handle different geographic areas.



3. Matrix structure:

The third main type of organizational structure, called the matrix structure, is a hybrid of divisional and functional structure. Typically used in large multinational companies, the matrix structure allows for the benefits of functional and divisional structures to exist in one organization. This can create power struggles because most areas of the company will have a dual management--a functional manager and a product or divisional manager working at the same level and covering some of the same managerial territory.



UNIT – II
HR PLANNING

MAN POWER PLANNING

Man Power Planning in other words called as Human Resource Planning is concerned with the planning the future manpower requirements are the organisation. Human Resource manager ensures that the company has the right type of people in the right number at the right time and place, which are trained and motivated to do the right kind of work at the right time. Obviously, human resource planning primarily makes appropriate projections for future manpower needs of the organisation envisages plan for developing the manpower to suit the changing needs of the organisation from time to time, and foresees how to monitor and evaluate the future performance.

It also includes the replacement plans and managerial succession plans. Human Resource planning is the process by which a management determines how an organisation should move from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kinds of people at the right places, at the right time, to do things which result in both the organisation and the individual receiving the maximum long-range benefit.

According to Coleman, Human Resource Planning as “the process of determining manpower requirements and the means for meeting those requirements in order to carry out the integrated plan of the organisation”.

Human resource planning is a double-edged weapon. If used properly, it leads to the maximum utilisation of human resources, reduces excessive labour turnover and high absenteeism; improves productivity and aids in achieving the objectives of an organisation. Faultily used, it leads to disruption in the flow of work, lower production, less job satisfaction, high cost of production and constant headaches for the management personnel. Therefore, for the success of an enterprise, human resource planning is a very important function, which can be neglected only at its own peril.

Objectives of HR Planning:

1. The major objectives of Human Resource Planning in an organisation are to.
2. Ensure optimum use of human resources currently employed.
3. Avoid balances in the distribution and allocation of human resources.
4. Assess or forecast future skill requirements of the organisation's overall objectives.
5. Provide control measure to ensure availability of necessary resources when required.
6. Control the cost aspect of human resources.
7. Formulate transfer and promotion policies.

Steps in Human Resource Planning:

Human resource planning refers to a process by which companies ensure that they have the right number and kinds of people at the right place, at the right time; capable of performing diverse jobs professionally. Planning the use of human resources is an important function in every organisation. A rational estimate to various categories of personnel in the organisation is an important aspect of human resource planning. HRP involves the following steps:

1. Analysis of Organisational Plans and Objectives:

Human resource planning is a part of overall plan of organisation. Plans concerning technology, production, marketing, finance, expansion and diversification give an idea about the volume of future work activity. Each plan can further be analysed into sub-plans and detailed programmes. It is also necessary to decide the time horizon for which human resource plans are to be prepared. The future organisation structure and job design should be made clear and changes in the organisation structure should be examined so as to anticipate its manpower requirements.

2. Forecasting Demand for Human Resources:

Human resource planning starts with the estimation of the number and type of personnel required at different levels and in different departments. The main steps involved in HRP process are

1. to determine and to identify present and prospective needs of human resource,
2. to discover and recruit the required number of persons.
3. to select the right number and type from the available people.
4. to hire and place in the positions for which they are qualified,
5. to provide information to the selected people about the nature of work assigned to them,
6. to Promote or to transfer as per the needs and the performance of employees,
7. to denote if the employees are disinterested or their performance is not up to the mark,
8. to terminate if they are not needed or their performance is below standard and shows no hopes of improvement. It is the most crucial and critical area of HRD. This HRD manager must pay attention to place right man to the right job through recruitment selection Training and Placement of employees. This calls for the adoption of a systematic procedure to complete recruitment and selection.

1. Forecasting Supply of Human Resources:

One of the important areas of human resources planning is to deal with allocation of persons to different departments depending upon the work- load and requirements of the departments. While allocating manpower to different departments, care has to be taken to consider appointments based on promotions and transfers. Allocation of human resource should be so planned that available manpower is put to full use to ensure smooth functioning of all departments.

2. Estimating Manpower Gaps:

Net human resource requirements or manpower gaps can be identified by comparing demand and supply forecasts. Such comparison will reveal either deficit or surplus of human resources in future. Deficits suggest the number of persons to be recruited from outside whereas surplus implies redundant to be redeployed or terminated. Similarly, gaps may occur in terms of knowledge, skills and aptitudes. Employees deficient in qualifications can be trained whereas employees with higher skills may be given more enriched jobs.

3. Matching Demand and Supply :

It is one of the objectives of human resource planning to assess the demand for and supply of human resources and match both to know shortages and surpluses on both the side

in kind and in number. This will enable the human resource department to know overstaffing or understaffing. Once the manpower gaps are identified, plans are prepared to bridge these gaps. Plans to meet the surplus manpower may be redeployment in other departments and retrenchment in consultation, with the trade unions. People may be persuaded to quit through voluntarily retirement. Deficit can be met through recruitment, selection, transfer, promotion, and training plans. Realistic plans for the procurement and development of manpower should be made after considering the macro and micro environment which affect the manpower objectives of the organisation.

Importance of Human Resource Planning:

HRP is the subsystem in the total organizational planning. Organizational planning includes managerial activities that set the company's objective for the future and determines the appropriate means for achieving those objectives. The importance of HRP is elaborated on the basis of the key roles that it is playing in the organization.

1.Future Personnel Needs:

Human resource planning is significant because it helps to determine the future personnel needs of the organization. If an organization is facing the problem of either surplus or deficiency in staff strength, then it is the result of the absence of effecting HR planning. All public sector enterprises find themselves overstaffed now as they never had any planning for personnel requirement and went of recruitment spree till late 1980's. The problem of excess staff has become such a prominent problem that many private sector units are resorting to VRS 'voluntary retirement scheme'. The excess of labour problem would have been there if the organization had good HRP system. Effective HRP system will also enable the organization to have good succession planning.

2.Part of Strategic Planning:

HRP has become an integral part of strategic planning of strategic planning. HRP provides inputs in strategy formulation process in terms of deciding whether the organization has got the right kind of human resources to carry out the given strategy. HRP is also necessary during the implementation stage in the form of deciding to make resource allocation decisions related to organization structure, process and human resources. In some organizations HRP play as significant role as strategic planning and HR issues are perceived as inherent in business management.

3.Creating Highly Talented Personnel:

Even though India has a great pool of educated unemployed, it is the discretion of HR manager that will enable the company to recruit the right person with right skills to the organization. Even the existing staff hope the job so frequently that organization face frequent shortage of manpower. Manpower planning in the form of skill development is required to help the organization in dealing with this problem of skilled manpower shortage.

4.International Strategies:

An international expansion strategy of an organization is facilitated to a great extent by HR planning. The HR department's ability to fill key jobs with foreign nationals and reassignment of employees from within or across national borders is a major challenge that is being faced by international business.

With the growing trend towards global operation, the need for HRP will as well will be the need to integrate HRP more closely with the organizations strategic plans. Without effective HRP and subsequent attention to employee recruitment, selection, placement, development, and career planning, the growing competition for foreign executives may lead to expensive and strategically descriptive turnover among key decision makers.

5.Foundation for Personnel Functions:

HRP provides essential information for designing and implementing personnel functions, such as recruitment, selection, training and development, personnel movement like transfers, promotions and layoffs.

6.Increasing Investments in Human Resources:

Organizations are making increasing investments in human resource development compelling the increased need for HRP. Organizations are realizing that human assets can increase in value more than the physical assets. An employee who gradually develops his/ her skills and abilities become a valuable asset for the organization. Organizations can make investments in its personnel either through direct training or job assignment and the rupee value of such a trained, flexible, motivated productive workforce is difficult to determine. Top officials have started acknowledging that quality of work force is responsible for both short term and long term performance of the organization.

7.Resistance to Change:

Employees are always reluctant whenever they hear about change and even about job rotation. Organizations cannot shift one employee from one department to another without any specific planning. Even for carrying out job rotation (shifting one employee from one department to another) there is a need to plan well ahead and match the skills required and existing skills of the employees.

8.Succession Planning:

Human Resource Planning prepares people for future challenges. The 'stars' are picked up, trained, assessed and assisted continuously so that when the time comes such trained employees can quickly take the responsibilities and position of their boss or seniors as and when situation arrives.

9.Other Benefits:

- (a) HRP helps in judging the effectiveness of manpower policies and programmes of management.
- (b) It develops awareness on effective utilization of human resources for the overall development of organization.
- (c) It facilitates selection and training of employees with adequate knowledge, experience and aptitudes so as to carry on and achieve the organizational objectives
- (d) HRP encourages the company to review and modify its human resource policies and practices and to examine the way of utilizing the human resources for better utilization.

Factors affecting Human Resource Planning

HRP is influenced by several factors. The most important of the factors that affect

human resource planning are:

1.Type and Strategy of the Organization:

Type of the organization determines the production processes involve, number and type of staff needed and the supervisory and managerial personnel required. If the organization has a plan for organic growth then organization need to hire additional employees. On the other hand if the organization is going for mergers and acquisition, then organization need to plan for layoffs.

2.Organizational Growth Cycles and Planning:

All organizations pass through different stages of growth from the day of its inception. The stage of growth in which an organization is determines the nature and extends of HRP. Small organizations in the earlier stages of growth may not have well defined personnel planning. But as the organization enters the growth stage they feel the need to plan its human resource. At this stage organization gives emphasis upon employee development. But as the organization reaches the mature stage it experience less flexibility and variability resulting in low growth rate. HR planning becomes more formalized and less flexible and less innovative and problem like retirement and possible retrenchment dominate planning. During the declining stage of the organization HRP takes a different focus like planning to do the layoff, retrenchment and retirement.

3.Environmental Uncertainties:

Political, social and economic changes affect all organizations and the fluctuations that are happening in these environments affect organizations drastically. Personnel planners deal with such environmental uncertainties by carefully formulating recruitment, selection, training and development policies and programmes.

4.Time Horizons:

HR plans can be short term or long term. Short term plans spans from six months to one year, while long term plans spread over three to twenty years. The extent of time period depends upon the degree of uncertainty that is prevailing in an organizations environment.

5.Type and Quality of information:

The quality and accuracy of information depend upon the clarity with which the organizational decision makers have defined their strategy, structure, budgets, production schedule and so on.

6.Nature of Jobs Being Filled:

Personnel planners need to be really careful with respect to the nature of the jobs being filled in the organization. Employees belonging to lower level who need very limited skills can be recruited hastily but, while hiring employees for higher posts, selection and recruitment need to be carried out with high discretion

7.Outsourcing:

Many of the organizations have surplus labour and hence instead of hiring more people they go for outsourcing. Outsourcing determines HRP.

Barriers to Human Resource Planning:

Human Resource Planners face significant barriers while formulating an HRP. The major barriers are elaborated below:

1. HR practitioners are perceived as experts in handling personnel matters, but are not experts in managing business. The personnel plan conceived and formulated by the HR practitioners when enmeshed with organizational plan might make the overall strategic plan of the organization ineffective.
2. HR information often is incompatible with other information used in strategy formulation. Strategic planning efforts have long been oriented towards financial forecasting, often to the exclusion of other types of information. Financial forecasting takes precedence over HRP.
3. Conflict may exist between short term and long term HR needs. For example, there can be a conflict between the pressure to get the work done on time and long term needs, such as preparing people for assuming greater responsibilities. Many managers are of the belief that HR needs can be met immediately because skills are available on the market as long as wages and salaries are competitive. Therefore, long times plans are not required, short planning are only needed.
4. There is conflict between quantitative and qualitative approaches to HRP. Some people view HRP as a number game designed to track the flow of people across the department. Others take a qualitative approach and focus on individual employee concerns
5. Such as promotion and career development. Best result can be achieved if there is a balance between the quantitative and qualitative approaches.
6. Non-involvement of operating managers renders HRP ineffective. HRP is not strictly an HR department function. Successful planning needs a co-ordinated effort on the part of operating managers and HR personnel.

JOB ANALYSIS

Developing an organizational structure, results in jobs which have to be staffed. Job analysis is the procedure through which you determine the duties and nature of the jobs and the kinds of people (in terms of skills and experience) who should be hired for them. Some of the definitions of job analysis are

According to Michael L. Jucius, "Job analysis refers to the process of studying the operations, duties and organizational aspects of jobs in order to derive specifications or as they called by some, job descriptions."

According to DeCenzo and P. Robbins, "A job analysis is a systematic exploration of the activities within a job. It is a basic technical procedure, one that is used to define the duties, responsibilities, and accountabilities of a job."

Information provided by Job Analysis:

Job analysis provides the following information

1. **Job Identification :** Its title, including its code number.
2. **Significant Characteristics of a Job:** It location, physical setting, supervision, union jurisdiction, hazards and discomforts;
3. **What the Typical Worker Does :** Specific operation and tasks that make up an

assignment, their relative timing and importance, their simplicity, routine or complexity, the responsibility or safety of others for property, funds, confidence and trust;

4. **Which Materials and Equipment a Worker Uses:** Metals, plastics, grains, yarns, milling machines, punch presses and micrometers;
5. **How a Job is Performed:** Nature of operation - lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting-up and many others;
6. **Required Personal Attributes:** Experience, training, apprenticeship, physical strength, co- ordination or dexterity, physical demands, mental capabilities, aptitudes, social skills;
7. **Job Relationship:** Experience required opportunities for advancement, patterns of promotions, essential co-operation, direction, or leadership from and for a job.

Methods of Job Analysis:

The methods or approaches are utilised in analysing jobs. They are:

1. Personal Observation:

The materials and equipment used, the working conditions and probable hazards, and an understanding of what the work involves are the facts which should be known by an analyst.

2. Sending out of Questionnaires:

Properly drafted questionnaires are sent out to job- holders for completion and are returned to supervisors.

3. Maintenance of Long Records:

The employee maintains a daily record of duties he performs, marking the time at which each task is started and finished.

4. Critical Incidents:

In this method, job holders are asked to describe incidents concerning the job on the basis of their past experience. The incidents so collected are analyzed and classified according to the job areas they describe.

5. Personal Interviews:

Personal interviews may be held by the analyst with the employees, and answers to relevant questions may be recorded. But the method is time-consuming and costly.

6. Technical Conference Method:

This method utilizes supervisors with extensive knowledge of the job. Here, specific characteristics of a job are obtained from the "experts."

7. Functional Job Analysis:

Functional job analysis (FJA) is employee- oriented analytical approach of job analysis. This approach attempts to describe the whole person on the job.

Purposes and Uses of Job Analysis:

The information provided by job analysis is useful in almost every phase of employee relations. Its purposes and uses can be understood from the following points:

1. Organisation and Manpower Planning:

It is helpful in organisational planning for it defines labour needs in concrete terms and coordinates the activities of the work force, and clearly divides duties and responsibilities.

2. Recruitment and Selection:

By indicating the specific requirements of each job (i.e., the skills and knowledge), it provides a realistic basis for hiring, training, placement, transfer and promotion of personnel.

3. Wage and Salary Administration:

By indicating the qualifications required for doing specified jobs and the risks and hazards involved in its performance, it helps in salary and wage administration. Job analysis is used as a foundation for job evaluation.

4. Job Re-engineering:

Job analysis provides information which enables us to change jobs in order to permit their being manned by personnel with specific characteristics and qualifications.

5. Employee Training and Management Development:

Job analysis provides the necessary information to the management of training and development programmes.

6. Performance Appraisal:

It helps in establishing clear-cut standards which may be compared with the actual contribution of each individual.

7. Health and Safety:

It provides an opportunity for identifying hazardous conditions and unhealthy environmental factors so that corrective measures may be taken to minimise and avoid the possibility of accidents.

Process of Job Analysis:

Following are the important steps in the process of job analysis:

1. Determine the Use of the Job Analysis Information:

Start by identifying the use to which the information will be put, since this will determine the type of data you collect and the technique you use to collect them.

2. Collection of Background Information:

According to Terry, "The make-up of a job, its relation to other jobs, and its requirements for competent performance are essential information needed for a job evaluation. This information can be had by reviewing available background information such as organization charts and the existing job descriptions.

3. Selection of Jobs for Analysis:

Job analysis is a costly and time consuming process. Hence, it is necessary to select a representative sample of jobs for the purposes of analysis. Priorities of various jobs can also

be determined.

4. Collection of Job Analysis Data:

Job data on features of the job, required employee qualification and requirements, should be collected either from the employees who actually perform a job; or from other employees who watch the workers, or from the outside persons.

5. Processing the Information:

Once job analysis information has been collected, the next step is to place it in a form that will make it useful to those charged with the various personnel functions. Several issues arise with respect to this. First, how much detail is needed? Second, can the job analysis information be expressed in quantitative terms? These must be considered properly.

6. Preparing Job Descriptions and Job Classifications:

Job information which has been collected must be processed to prepare the job description form. It is a statement showing full details of the activities of the job. Separate job description forms may be used for various activities in the job and may be compiled later on. The job analysis is made with the help of these description forms. These forms may be used as reference for the future.

7. Developing Job Specifications:

Job specifications are also prepared on the basis of information collected. It is a statement of minimum acceptable qualities of the person to be placed on the job. It specifies the standard by which the qualities of the person are measured.

JOB DESCRIPTION

Job description is a written record of the duties, responsibilities and requirements of a particular job. It is concerned with the job itself and not with the worker. It is a statement describing the job in such terms as its title, location, duties, working conditions and hazards. In other words, it tells us what is to be done and how it is to be done and why. It is a standard of function, in that it defines the appropriate and authorised contents of a job. A job description contains the following:

1. **Job identification**, which includes the job title, alternative title, department, division, plant and code number of the job. The job title identifies and designates the job properly.
2. **Job Summary** serves two important purposes. First it provides a short definition which is useful as additional identification information when a job title is not adequate. Second, it serves as a summary to orient the reader.
3. **Job duties** give us a comprehensive listing of the duties together with some indication of the frequency of occurrence or percentage of time devoted to each major duty. It is regarded as the heart of a job.
4. **Relation to other jobs:** This helps us to locate the job in the organisation by indicating the job immediately below or above it in the job hierarchy. It also gives us an idea of the vertical relationships of work flow and procedures.
5. **Supervision:** Under it is given the number of persons to be supervised along with their job titles, and the extent of supervision involved – general, intermediate or close

supervision.

6. **Working conditions** usually give us information about the environment in which a job holder must work.

JOB SPECIFICATION

The job specification states the minimum acceptable qualifications that the incumbent must possess to perform the job successfully. Based on the information acquired through job analysis, the job specification identifies the knowledge, skills, and abilities needed to do the job effectively.

According to Dale Yoder, "The job specification, as such a summary properly described is thus a specialized job description, emphasizing personnel requirement and designed especially to facilitate selection and placement."

A Job Specification should include:

- a. Physical characteristics, which include health, strength, endurance, age, height, weight, vision, voice, eye, hand and foot co-ordination, motor co-ordination, and colour discrimination.
- b. Psychological and social characteristics such as emotional stability, flexibility, decision making ability, analytical view, mental ability, pleasing manners, initiative, conversational ability etc.
- c. Mental Characteristics such as general intelligence, memory, judgement, ability to concentrate, foresight etc
- d. Personal Characteristics such as sex, education, family background, job experience, hobbies, extracurricular activities etc.

JOB DESIGN

Job design is of comparatively recent origin. The human resource managers have realized that the poorly designed jobs often result in boredom to the employees, increased turnover, job dissatisfaction, low productivity and an increase in overall costs of the organization. All these negative consequences can be avoided with the help of proper job design. According to Jon Werner and DeSimone, "Job design is the development and alteration of the components of a job (such as the tasks one performs, and the scope of one's responsibilities) to improve productivity and the quality of the employees' work life."

Principles of Job Design:

Principles are the bases of the approach used in job design. **Robertson and Smith** (1985) have suggested the following five principles of job design:

1. To influence skill variety, provide opportunities for people to do several tasks and combine tasks.
2. To influence task identity, combine tasks and form natural work units.
3. To influence task significance, form natural work units and inform people of the importance of their work.
4. To influence autonomy, give people responsibility for determining their own working systems.
5. To influence feedback; establish good relationship and open feedback channels.

Methods or Techniques of Job Design:

The various techniques of job design and redesign are as follows:

1. Job Simplification:

In job simplification, the complete job is broken down into small sub parts; this is done so that employee can do these jobs without much specialized training. For job simplification, generally time and motion studies are used.

2. Job Rotation:

Another technique designed to enhance employee motivation is job rotation, or periodically assigning employees to alternating jobs or tasks.

3. Job Enlargement:

Another means of increasing employee's satisfaction with routine jobs is increasing the number of tasks performed (i.e. increasing the scope of the job). This is called job enlargement.

4. Job Enrichment:

The concept of job enrichment has been derived from Herzberg's two- factor theory of motivation in which he has suggested that job content is one of the basic factors of motivation. If the job is designed in such a manner that it becomes more interesting and challenging to the job performer and provides him opportunities for achievement, recognition, responsibility, advancement and growth, the job itself becomes a source of motivation to the individual.

According to P. Robbins, "Job enrichment refers to the vertical expansion of the jobs. It increases the degree to which the worker controls the planning, execution and evaluation of his work."

Job Enlargement Vs. Job Enrichment:

Job enlargement and job enrichment are two techniques of job design in order to enhance productivity and satisfaction of the employees. However, they differ from each other in the following respects:

Nature of Job:

The major difference between job enrichment and enlargement lies in the nature of additions to the job. Enlargement involves a horizontal loading or expansion, or addition of tasks of the same nature. Enrichment involves vertical loading of tasks and responsibility of the job holder; it improves the quality of the job in terms of its intrinsic worth.

Purpose:

The purpose of job enlargement is to reduce the monotony in performing repetitive jobs by lengthening the cycle of operation. On the other hand, the purpose of job enrichment is making the job lively, challenging and satisfying. It satisfies the higher level needs such as ego satisfaction, self expression, sense of achievement and advancement of Job holders.

Skill Requirement:

Job enlargement may not necessarily require the use of additional skills which the job holder was using in performing the job before the enlargement. This is due to similarity of additional tasks. Enrichment calls for development and utilization of higher skills, initiative,

and innovation on the part of the job holder in performing the job.

Direction and Control:

Job enlargement requires direction and control from external sources, say supervisor. In fact, the job holder may require more direction and control because of enlargement of his responsibility. Enrichment does not require external direction and control as these come from the job holder himself. He requires only feedback from his supervisor.

JOB EVALUATION

Job Evaluation is a system wherein a particular job of an enterprise is compared with its other jobs. In the present industrial era, there are different types of jobs which are performed in every business and industrial enterprise. Comparative study of these jobs is very essential because on the basis of such study the structure of wages for different types of jobs is prepared. The comparison of jobs may be made on the basis of different factors such as duties, responsibilities, working conditions, efforts, etc. In nut shell, it may be said that job evaluation is a process in which a particular job of a business and industrial enterprise is compared with other jobs of the enterprise.

According to Wendell French, “job evaluation is a process of determining the relative worth of the various jobs within the organisation, so that differential wages may be paid to jobs of different worth. The relative worth of a job means relative value produced”.

Objectives of Job Evaluation:

The following are the objectives of job evaluation:

1. To secure and maintain complete, accurate and impersonal descriptions of each distinct job or occupation in the entire plant;
2. To provide a standard procedure for determining the relative worth of each job in a plant,
3. To determine the rate of pay for each job which is fair and equitable with relation to other jobs in the plant, community or industry?
4. To ensure that like wages are paid to all qualified employees for like work;
5. To promote a fair and accurate consideration of all employees for advancement and transfer;
6. To provide a factual basis for the consideration of wage rates for similar jobs in a community and industry.

Principles of Job Evaluation:

There are certain broad principles, which should be kept in mind before putting the job evaluation programme into practice.

These principles' are:

1. Rate the job and not the man. Each element should be rated on the basis of what the job itself requires.
2. The elements selected for, rating purposes should be easily explainable in terms and as few in number as will cover the necessary requisites for every job without any overlapping.
3. The elements should be clearly defined and properly selected.

4. Any job rating plan must be sold to foremen and employees. The success in selling it will depend on a clear-cut explanation and illustration of the plan
5. Foremen should participate in the rating of jobs in their own departments.
6. Maximum co-operation can be obtained from employees when they themselves have an opportunity to discuss job ratings.
7. In talking to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed.
8. Too many occupational wages should not be established. It would be unwise to adopt an occupational wage for each total of point values.

Methods of Job Evaluation:

The following are the methods of Job Evaluations:

1. Ranking Method:

The ranking method requires a committee typically composed of both management and employee representatives of job in a simple rank order, from highest to lowest. Rating specialists review the job analysis information and thereafter appraise each job subjectively according to its general importance in comparison with other jobs. In other words, an overall judgment is made of the relative worth of each job, and the job is ranked accordingly.

2. Job Grading or Job Classification Method :

This method works by assigning each job a grade, level or class that corresponds to a pay grade for instance Grade I, Grade II, Grade III and so forth. These grades or classifications are created by identifying gradations of some common denominations, such as job responsibility, skill, knowledge, education required, and so on. Then, for each job grade so created standard job descriptions are determined. Thereafter, such standard description is matched with job descriptions in the organisation. The standard description that most nearly matches the job description determines the job's grading.

3. Factor-comparison Method:

This method is a combination of ranking and point systems. All jobs are compared to each other for the purpose of determining their relative importance by selecting four or five major job elements or factors which are more or less common to all jobs. These elements are not predetermined. These are chosen on the basis of job analysis. The few factors which are customarily used are :

1. Mental requirements,
2. Skill,
3. Physical requirements,
4. Responsibilities,
5. Working conditions and etc.,

A few jobs are selected as key jobs which serve as standard against which all other jobs are compared. key job is one whose contents have been stabilised over a period of time and whose wage rate is considered to be presently correct by the management and the union.

Advantages of Job Evaluation:

Job evaluation enjoys the following advantages:

1. Job evaluation is a logical and to some extent an objective method of ranking jobs relative to one another. It may help in removing inequalities in existing wage structures and in maintaining sound and consistent wage differentials in a plant or industry.
2. In the case of new jobs, the method often facilitates fitting them into the existing wage structure.
3. The method helps in removing grievances arising out of relative wages; and it improves labour-management relations.
4. The method replaces the many accidental factors, occurring in less systematic procedures, of wage bargaining by more impersonal and objective standards, thus establishing a clear basis for negotiations.
5. The method may lead to greater uniformity in wage rates, thus simplifying wage administration.
6. The information collected in the process of job description and analysis may also be used for the improvement of selection, transfer and promotion procedures on the basis of comparative job requirements.
7. Such information also reveals that workers are engaged on jobs requiring less skill and other qualities than they possess, thereby pointing to the possibility of making more efficient use of the plant's labour force.

Limitation of Job Evaluation:

1. Though many ways of applying the job evaluation technique are available, rapid changes in technology and in the supply and demand of particular skills have given rise to problems of adjustment.
2. Substantial differences exist between job factors and the factors emphasised in the market. These differences are wider in cases in which the average pay offered by a company is lower than that prevalent in other companies in the same industry or in the same geographical area.
3. Job factors fluctuate because of changes in production technology, information system, and division of labour and such other factors. Therefore, the evaluation of a job today is made on the basis of job factors, and does not reflect the time job value in future. In other words, continuing attention and frequent evaluation of a job are essential.
4. Higher rates of pay for some jobs at the earlier stages than other jobs or the evaluation of a job higher in the organisational hierarchy at a lower rate than another job relatively lower in the organisational hierarchy often give rise to human relations problems and lead to grievances among those holding these jobs.

RECRUITMENT

Recruitment means search of the prospective employee to suit the job requirements as represented by job specification. It is the process of attracting people to apply for jobs in an organisation.

According to Edwin B. Flippo, "Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation."

Factors affecting Recruitment:

The factors affecting recruitment can be classified as Internal and External factors.

The internal factors are:

1. Wage and salary policies
2. The age composition of existing working force
3. Promotion and retirement policies
4. Turnover rates
5. The nature of operations involved the kind of personnel required.
6. The level and seasonality of operations in question
7. Future expansion and reduction programmes
8. Recruiting policy of the organization
9. Human resource planning strategy of the company
10. Size of the organisation and the number of employees employed.
11. Cost involved in recruiting employees, and finally.
12. Growth and expansion plans of the organisation

The external factors are:

13. Supply and demand of specific skills in the labour market;
14. Company's image perception of the job seekers about the company
15. External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.
16. Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.
17. Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, reservation of Job for SC, ST and so on.

Sources of Recruitment:

The various sources of recruitment are generally classified as Internal source and External source.

1. Internal Sources:

This refers to the recruitment from within the company. The various internal sources are promotion, transfer, past employees and internal advertisements.

2. External Sources:

External sources refer to the practice of getting suitable persons from outside. The various external sources are advertisement, employment exchange, past employees, private placement agencies and consultants, walks-ins, campus recruitment, trade unions, etc.

The following external sources of recruitment are commonly used by the big enterprises:

1. Direct Recruitment:

An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise specifying the details of the jobs available. It is also known as

recruitment at factory gate.

2. Casual Callers or Unsolicited Applications:

The organisations which are regarded as good employers draw a steady stream of unsolicited applications in their offices. This serves as a valuable source of manpower.

3. Media Advertisement:

Advertisement in newspapers or trade and professional journals is generally used when qualified and experienced personnel are not available from other sources.

4. Employment Agencies:

Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled and skilled operative jobs. In some cases, compulsory notification of vacancies to the employment exchange is required by law.

5. Management Consultants:

Management consultancy firms help the organisations to recruit technical, professional and managerial personnel they specialise middle level and top level executive placements.

6. Educational Institutions or Campus Recruitment:

Big organisations maintain a close liaison with the universities, vocational institutes and management institutes for recruitment to various jobs. Recruitment from educational institutional is a well - established practice of thousand of business and other organisations.

7. Recommendation:

Applicants introduced by friends and relatives may prove to be a good source of recruitment.

8. Labour Contractors:

Workers are recruited through labour contractors who are themselves employees of the organisation. Recruitment through labour contractors has been banned for the public sector units.

9. Telecasting:

The practice of telecasting of vacant posts over T.V. is gaining importance these days. Special programmes like 'Job Watch', 'Youth Pulse', 'Employment News', etc. over the T.V have become quite popular in recruitment for various types of jobs.

10. Raiding:

Raiding is a technical term used when employees working elsewhere are attracted to join organisations. The organisations are always on the lookout for qualified professionals, and are willing to offer them a better deal if they make the switch.

Merits of External Source of Recruitment:

The merits of external sources of recruitment are as under:

1. Qualified Personnel:

By using external sources of recruitment the management can make qualified and trained people to apply for vacant jobs in the organisation.

2. Wider choice:

When vacancies are advertised widely a large number of applicants from outside the organisation apply. The management has a wider choice while selecting the people for employment.

3. Fresh Talent:

The insiders may have limited talents. External sources facilitate infusion of fresh blood with new ideas into the enterprise. This will improve the overall working of the enterprise.

4. Competitive Spirit:

If a company can tap external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

Demerits of External Sources:

The demerits of filling vacancies from external sources are as follows:

1. Dissatisfaction among Existing Staff:

External recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.

2. Lengthy Process:

Recruitment from outside takes a long time. The business has to notify the vacancies and wait for applications to initiate the selection process.

3. Costly Process:

It is very costly to recruit staff from external sources. A lot of money has to be spent on advertisement and processing of applications.

4. Uncertain Response:

The candidates from outside may not be suitable for the enterprise. There is no guarantee that the enterprise will be able to attract right kinds of people from external sources.

SELECTION

Human resource selection is the process of preferring qualified individuals who are available to fill positions in an organization. Selection involves both picks up the fits and rejects unfits. Therefore, sometimes, it is called a negative process.

According to Thomas Stone, "Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job".

Selection Procedure:

1.Application Pool:

Application pool built-up through recruitment process is the base for selection process. The basic objective at the recruitment level is to attract as much worthwhile applications as possible so that there are more options available at the selection stage.

2.Preliminary Screening and Interview:

It is highly noneconomic to administer and handle all the applicants. It is advantageous to sort out unsuitable applicants before using the further selection steps. For this purpose, usually, preliminary interviews, application blank lists and short test can be used. All applications received are scrutinised by the personnel department in order to eliminate those applicants who do not fulfil required qualifications or work experience or technical skill, his application will not be entertained. Such candidate will be informed of his rejection.

3.Application Blank or Application Form:

An application blank is a traditional widely accepted device for getting information from a prospective applicant which will enable the management to make a proper selection. Information is generally taken on the following items:

1. **Biographical Data:** Name, father's name, date and place of birth, age, sex, nationality, height, weight, identification marks, physical disability, if any, marital status, and number of dependants.
2. **Educational Attainment:** Education (subjects offered and grades secured), training acquired in special fields and knowledge gained from professional/technical institutes or through correspondence courses.
3. **Work Experience:** Previous experience, the number of jobs held with the same or other employers, including the nature of duties, and responsibilities and the duration of various assignments, salary received, grades, and reasons for leaving the present employer.
4. **Salary and Benefits:** Present and expected.
5. **Other Items:** Names and addresses of previous employers, references etc. An application blank is a brief history sheet of an employee's background and can be used for future reference, in case needed.

1.Selection Tests:

Many organisations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview etc. Selection tests normally supplement the information provided in the application forms. Such forms may contain factual information about candidates.

a.Aptitude Tests:

These measure whether an individual has the capacity or talent ability to learn a given job if given adequate training. These are more useful for clerical and trade positions.

b.Personality Tests:

At times, personality affects job performance. These determine personality traits of the candidate such as cooperativeness, emotional balance etc. These seek to assess an

individual's motivation, adjustment to the stresses of everyday life, capacity for interpersonal relations and self-image.

c. Interest Tests:

These determine the applicant's interests. The applicant is asked whether he likes, dislikes, or is indifferent to many examples of school subjects, occupations, amusements, peculiarities of people, and particular activities.

d. Performance Tests:

In this test the applicant is asked to demonstrate his ability to do the job. For example, prospective typists are asked to type several pages with speed and accuracy.

e. Intelligence Tests:

This aims at testing the mental capacity of a person with respect to reasoning, word fluency, numbers, memory, comprehension, picture arrangement, etc. It measures the ability to grasp, understand and to make judgement.

f. Knowledge Tests:

These are devised to measure the depth of the knowledge and proficiency in certain skills already achieved by the applicants such as engineering, accounting etc.

g. Achievement Tests:

Whereas aptitude is a capacity to learn in the future, achievement is concerned with what one has accomplished. When applicants claim to know something, an achievement test is given to measure how well they know it.

h. Projective Tests:

In these tests the applicant projects his personality into free responses about pictures shown to him which are ambiguous.

1. Interview:

An interview is a procedure designed to get information from a person and to assess his potential for the job he is being considered on the basis of oral responses by the applicant to oral inquiries by the interviewer. Interviewer does a formal in-depth conversation with the applicant, to evaluate his suitability. It is one of the most important tools in the selection process. This tool is used when interviewing skilled, technical, professional and even managerial employees. It involves two-way exchange of information. The interviewer learns about the applicant and the candidate learns about the employer. Principles of Interviewing:

To make it effective, an interview should be properly planned and conducted on certain principles. **Edwin B. Flippo** has described certain rules and principles of good interviewing to this end:

1. Provide proper surroundings. The physical setting for the interview should be both private and comfortable.
2. The mental setting should be one of rapport. The interviewer must be aware of non-verbal behaviour.
3. Plan for the interview by thoroughly reviewing job specifications and job descriptions.
4. Determine the specific objectives and the method of the interviewing.

5. Inform yourself as much as possible concerning the known information about the interviewee.
6. The interviewer should possess and demonstrate a basic liking and respect for people.
7. Questions should be asked in a manner that encourages the interviewee to talk.
8. Put the applicant at ease.
9. Make a decision only when all the data and information are available. Avoid decisions that are based on first impressions.
10. Conclude the interview tactfully, making sure that the candidate leaves feeling neither too elated nor frustrated.
11. Maintain some written record of the interview during or immediately after it.
12. Listen attentively and, if possible, protectively.
13. Questions must be stated clearly to avoid confusion and ambiguity. Maintain a balance between open and overtly structured questions.
14. **'Body language'** must not be ignored.
15. The interviewer should make some overt sign to indicate the end of the interview.

1. Background Investigation:

The next step in the selection process is to undertake an investigation of those applicants who appear to offer potential as employees. This may include contacting former employers to confirm the candidate's work record and to obtain their appraisal of his or her performance/ contacting other job-related and personal references, and verifying the educational accomplishments shown on the application.

2. Physical Examination:

After the selection decision and before the job offer is made, the candidate is required to undergo physical fitness test. Candidates are sent for physical examination either to the company's physician or to a medical officer approved for the purpose.

Such physical examination provides the following information:

1. Whether the candidate's physical measurements are in accordance with job requirements or not?
2. Whether the candidate suffers from bad health which should be corrected?
3. Whether the candidate has health problems or psychological attitudes likely to interfere with work efficiency or future attendance?
4. Whether the candidate is physically fit for the specific job or not?

3. Approval by Appropriate Authority:

On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidates finally, often it has staff authority to recommend the candidates for selection to the appropriate authority.

4. Final Employment Decision:

After a candidate is finally selected, the human resource department recommends his name for employment. The management or board of the company offers employment in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions of employment. Some firms make a contract of service on judicial paper. Usually an appointment is made on probation in

the beginning. The probation period may range from three months to two years. When the work and conduct of the employee is found satisfactory, he may be confirmed.

5. Evaluation:

The selection process, if properly performed, will ensure availability of competent and committed personnel. A period audit, conducted by people who work independently of the human resource department, will evaluate the effectiveness of the selection process. The auditors will do a thorough and the intensive analysis and evaluate the employment programme.

Difference between Recruitment and Selection:

1. Difference in Objective:

The basic objective of recruitment is to attract maximum number of candidates so that more options are available. The basic objective of selection is to choose best out of the available candidates.

2. Difference in Process:

Recruitment adopts the process of creating application pool as large as possible and therefore. It is known as positive process. Selection adopts the process through which more and more candidates are rejected and fewer candidates are selected or sometimes even not a single candidate is selected. Therefore, it is known as negative process or rejection process.

3. Technical Differences:

Recruitment techniques are not very intensive, and not require high skills. As against this, in selection process, highly specialised techniques are required. Therefore, in the selection process, only personnel with specific skills like expertise in using selection tests, conducting interviews, etc., are involved.

4. Difference in Outcomes:

The outcome of recruitment is application pool which becomes input for selection process. The outcome of selection process is in the form of finalising candidates who will be offered jobs.

INDUCTION

The introduction of the new employee to the job is known as induction. It is the process by which new employees are introduced to the practices, policies and purposes of the organisation. Induction follows placement and consists of the task of orienting or introducing the new employee to the company, its policy and its position in the economy. Induction literally means helping the worker to get or with his own environment. After an employee is assigned his job, it is necessary to introduce him to his job situation, his associates in the job and the overall policies of the company.

In other words, it is a welcoming process-the idea is to welcome a newcomer, make him feel at home and generate in him a feeling that his job, even though small, is meaningful and has significant importance as part of the total organisation. Orientation is one component of the new employee socialization process. It is a process through which a new employee is

introduced to the organisation. The new employee is handed over a rulebook, company booklets, policy manuals, progress reports and documents containing company information which are informational in nature. It is responsibility of the human resource department to execute the orientation programme.

Objectives of Induction:

1. An induction process properly designed should serve the following objectives.
2. Introduce the new employee and the organisation to each other.
3. Create interest in his job and the company.
4. Provide basic information about working arrangements.
5. Make the new employee feel 'at home' in the new environment.
6. Indicate the standards of performance and behaviour expected from him.
7. Inform him about the training facilities.
8. Reduce any misunderstanding about the job or the enterprise
9. Facilitate good employee relations.
10. Assist the new employee to adjust to the company and Establish a favourable attitude about the company in the minds of the employee.

Induction Process:

There is no specific model of induction process. Each industry develops its own procedure as per its requirements. Generally, an induction procedure involves the following basic steps:

1. Reporting for duty before the concerned head of the department at a certain place.
2. The head of the department welcomes the new employee.
3. Introduction to the organizational head / branch head by the head of the department.
4. Organizational head/ Branch head introduces him to the important employees.
5. Supervisor concerned introduces him to his co-workers in that section.
6. Providing information about the duties, responsibilities, rights, facilities, welfare measures, etc.
7. Supervisor clarifies the doubts of the new employee about the work. Formal and Informal Induction Programme

Formal Induction Programme:

Formal induction is a planned attempt to introduce new employees to the organization, job and the working environment. This induction type may consume more time of the superiors to learn and deliver the new employees needs at the beginning. But this may create new employees less number of errors at the working period and good coordination among all the parties. At this type of program, new employee may get know, who are the most experienced person to have the solution of the particular problem new employee might has. At the very beginning new employees are having lots of questions as same as kids at small ages.

That is full normal thing and common thing, because the new employee needs to get know all the things, he may actually needs or not. CEO, GM, Section/Department Heads, Senior Managers, and Line Managers may involve in to the formal induction programme.

This will deliver fundamental things that new employees need to know. Advantage of the formal induction program is organization will have the better chance to win the new employees' loyalty at the very beginning. And also new employee will have the chance to carry his/her works clearly, with less numbers of errors. Also, new employee will fit to the

organizational culture and the work group easily, and strongly.

Informal Induction Programme:

Informal induction is not planned and is ad hoc. New employees learn through trial and error method. They get familiar with the work and work environment by themselves. This induction type will make the stress on new employee at the very beginning, because of his/her not knowing things at the operations. So in that case, new employee may leave the organization at the beginning and then the organization may need to follow all the process of recruiting and new employee to the organization. Also this method will create a large number of errors making by new employee and then it may create big losses to the organization. Those are the disadvantages of informal induction program. The advantage of informal induction is, if the new employee survived, then he/she may know the process by his/her experience, and the later on errors may minimize. But at the beginning the vice versa thing of above advantage may create losses, if the new employee unable to survive at the organization. At the movements which employees couldn't survive, there could be seen they are leaving organization at the beginning they have joined to it. So this will create high labour turn over too.

PLACEMENT

Placement is a process of assigning a specific job to each of the selected candidates. It involves assigning a specific rank and responsibility to an individual. It implies matching the requirements of a job with the qualifications of the candidate. A few basic principles should be followed at the time of placement of an employee on the job. These may be enumerated as below:

1. The job should be offered to the man according to his qualifications. The placement should neither be higher nor lower than the qualifications.
2. While introducing the job to the new employee, an effort should be made to develop a sense of loyalty and cooperation in him so that he may realise his responsibilities better towards the job and the organisation. The employee should be made conversant with the working conditions prevailing in the industry and all things relating to the job. He should also be made aware of the penalties if he commits a wrong.
3. Man should be placed on the job according to the requirements of the job. The job should not be adjusted according to the qualifications or requirements of the man. Job first; man next, should be the principle of placement.
4. The placement should be ready before the joining date of the newly selected person.
5. The placement in the initial period may be temporary as changes are likely after the completion of training. The employee may be later transferred to the job where he can do better justice.

Significance of placement:

The significances of placement are as follows:

1. It improves employee morale.
2. It helps in reducing employee turnover.
3. It helps in reducing absenteeism.
4. It helps in reducing accident rates.
5. It avoids misfit between the candidate and the job.
6. It helps the candidate to work as per the objectives of the organization.

UNIT - III
TRAINING OF EMPLOYEES, SUPERVISORS AND EXECUTIVES

Meaning and Definition:

Training is an organised activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency. In other words, the trainees acquire technical knowledge, skills and problem solving ability by undergoing the training programme.

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

According to Dale S. Beach, "Training is the organized procedure by which people learn knowledge and skill for definite purpose".

According to H. John Bernardin, "Training is any attempt to improve employee performance on a currently held job or one related to it".

Objectives of Training:

1. To impart to new entrants the basic knowledge and skill they need for an intelligent performance of definite tasks.
2. To assist employees to function more effectively in their present positions by exposing them to the latest concepts, information and techniques and developing the skills, they will need in their particular fields.
3. To build up a second line of competent officers and prepare them to occupy more responsible positions
4. To broaden the minds of senior managers by providing them with opportunities for an interchange of experiences within and outside with a view to correcting the narrowness of the outlook that may arise from over-specialisation
5. To impart customer education for the purpose of meeting the training needs of Corporations which deal mainly with the public. In a nutshell, the objectives of training are to bridge the gap between existing performance ability and desired performance.

Need and Importance of Training:

1. Increasing Productivity:

Instruction can help employees increase their level of performance on their present job assignment. Increased human performance often directly leads to increased operational productivity and increased company profit.

2. Improving Quality:

Better informed workers are less likely to make operational mistakes. Quality increases may be in relationship to a company product or service, or in reference to the intangible organisational employment atmosphere.

3. Helping a Company Fulfill its Future Personnel Needs:

Organisations that have a good internal educational programme will have to make less drastic manpower changes and adjustments in the event of sudden personnel alternations.

4. Improving Organisational Climate:

An endless chain of positive reactions results from a well-planned training programme. Production and product quality may improve; financial incentives may then be increased, internal promotions become stressed, less supervisory pressures ensue and base pay rate increases result.

5. Improving Health and Safety:

Proper training can help prevent industrial accidents. A safer work environment leads, to more stable mental attitudes on the part of employees.

6. Obsolescence Prevention:

Training and development programmes foster the initiative and creativity of employees and help to prevent manpower obsolescence, which may be due to age, temperament or motivation, or the inability of a person to adapt him to technological changes.

7. Personal Growth:

Employees on a personal basis gain individually from their exposure to educational experiences. Again, Management development programmes seem to give participants a wider awareness, an enlarged skin, an enlightened altruistic philosophy, and make enhanced personal growth possible.

Methods of Training:

The following methods are generally used to provide training:

1. On-the-Job Training Methods:

This type of training is imparted on the job and at the work place where the employee is expected to perform his duties.

1. On Specific Job:

On the job training methods is used to provide training for a specific job such as electrical, motor mechanic, plumbing etc.

2. Experience:

This is the oldest method of on-the-job training. Learning by experience cannot and should not be eliminated as a method of development, though as a sole approach; it is a wasteful, time consuming and inefficient.

3. Coaching:

On-the-Job coaching by the superior is an important and potentially effective approach is superior. The technique involves direct personnel instruction and guidance, usually with extensive demonstration.

4. Job Rotation:

The major objective of job rotation training is the broadening of the background of trainee in the organisation. If trainee is rotated periodically from one job to another job, he

acquires a general background.

5.Special Projects:

This is a very flexible training device. The trainee may be asked to perform special assignment; thereby he learns the work procedure.

6.Apprenticeship:

Under this method, the trainee is placed under a qualified supervisor or instructor for a long period of time depending upon the job and skill required. Wages paid to the trainee are much less than those paid to qualified workers.

7.Vestibule Training:

Under this method, actual work conditions are created in a class room or a workshop. The machines, materials and tools under this method is same as those used in actual performance in the factory.

8.Multiple Management:

Multiple management emphasizes the use of committees to increase the flow of ideas from less experience managers and to train them for positions of greater responsibility.

Off-the-job Training Methods:

Following are the off the job training techniques:

1.Special Courses and Lectures:

Lecturing is the most traditional form of formal training method Special courses and lectures can be established by business organizations in numerous ways as a part of their development programmes.

2.Conferences:

This is also an old method, but still a favorite training method. In order to escape the limitations of straight lecturing many organizations have adopted guided, discussion type of conferences in their training programmes. In this method, the participant's pools, their ideas and experience in attempting to arrive at improved methods of dealing with the problems, which are common subject of discussion;

3..Case Studies:

This technique, which has been developed, popularized by the Harvard Business School, U.S.A is one of the most common forms of training. A case is a written account of a trained reporter of analyst seeking to describe an actual situation.

4.Brainstorming:

This is the method of stimulating trainees to creative thinking. This approach developed by Alex Osborn seeks to reduce inhibiting forces by providing for a maximum of group participation and a minimum of criticism. A problem is posed and ideas are invited. Quantity rather quality is the primary objective. Ideas are encouraged and criticism of any idea is discouraged. Chain reactions from idea to idea often develop. Later these ideas are critically examined. There is no trainer in brainstorming and it has been found that the introduction of

known reports into it will reduce the originality and practicability of the group contribution.

5. Laboratory Training:

Laboratory training adds to conventional training by providing situations in which the trainees themselves experience through their own interaction some of the conditions they are talking about. Laboratory training is more concerned about changing individual behaviour and attitude. There are two methods of laboratory training: simulation and sensitivity training.

6. Simulation:

An increasingly popular technique of management development is simulation of performance. In this method, instead of taking participants into the field, the field can be simulated in the training session itself. Simulation is the presentation of real situation of organisation in the training session. There are two common simulation methods of training. They are role-playing and business game.

7. Role-playing:

Role-playing is a laboratory method, which can be used rather easily as a supplement of conventional training methods. Its purpose is to increase the trainee's skill in dealing with other people. One of its greatest uses, in connection with human relations training, but it is also used in sales training as well. It is spontaneous acting of a realistic situation involving two or more persons, under classroom situations. Dialogue spontaneously grows out of the situation, as the trainees assigned to it develop it.

8. Gaming:

Gaming has been devised to simulate the problems of running a company or even a particular department. It has been used for a variety of training objectives from investment strategy, collective bargaining techniques to the morale of clerical personnel. It has been used at all the levels, from the executives for the production supervisors. Gaming is a laboratory method in which role-playing exists but its difference is that it focuses attention on administrative problems, while role-playing tends to emphasise mostly feeling and tone between people in interaction.

9. Sensitivity Training:

Sensitivity training is the most controversial laboratory training method. Many of its advocates have an almost religious zeal in their enhancement with the training group experience. Some of its critics match this favour in their attacks on the technique. As a result of criticism and experience, a revised approach, often described as "team development" training has appeared.

Induction Training:

The introduction of the new employee to the job is known as induction. It is the process by which new employees are introduced to the practices, policies and purposes of the organisation. Induction follows placement and consists of the task of orienting or introducing the new employee to the company, its policy and its position in the economy. Induction literally means helping the worker to get on with his own environment. After an employee is assigned his job, it is necessary to introduce him to his job situation, his associates in the job and the overall policies of the company.

PROMOTION

Promotion is the advancement of an employee from one job level to a higher one, with increase in salary. It should also usually result in changes in duties and higher level/degree of responsibility, status and value. Sometimes the job itself may be upgraded (e.g., *steno to secretary*) to a higher level of skill, responsibilities and pay. When as a result of promotion there is no increase in the employee's pay it is called a 'dry' promotion. A dry promotion is usually made decorative by giving a new and longer title to the employee. Employers generally get rid of their incompetent employees by giving them such decorative promotions.

In many companies, only vertical promotions are made under which the employees are promoted from one rank to the next higher rank in the same department. A vertical promotion scheme has two disadvantages: first, it limits the experience of an employee; second, it deprives him of the opportunity to secure promotion in other departments at the right time. As such, horizontal promotions are also allowed in some companies under which employees may be promoted to higher ranks in other departments as well.

It is considered good personnel policy to fill vacancies in a higher job through promotion from within. Such promotions provide an inducement and motivation to the employees, removes feeling of stagnation and frustration and inculcates a sense of growing up with the organization reinforcing common goals between the individual and the organization.

Criteria for promotion decisions:

1. Performance-length of service (seniority) or merit and ability
2. Educational/technical qualification
3. Assessment of potential
4. Career and succession plan
5. Organization chart based vacancies
6. Motivational strategies-job enlargement
7. Spacing of the promotion and career span of the individual

DEMOTION

Demotion is the opposite of promotion. It is a downward movement from one job level to another preceding it, leading to a reduction in rank, status, pay and responsibility. Demotions become necessary when: A promote is not able to meet the demands of the new job; Adverse business conditions lead to downsizing of the organization which can then decide to layoff some and downgrade other jobs; Demoting an employee is not an easy matter and calls for tact and diplomacy. Perhaps it is easy to dismiss than to demote. In both the cases, the person's interests and pride will be hurt, but in the latter case, since the person still continues his association with the organization he may avenge by hurting the interests of the organization.

TRANSFER

One of the internal mobility of the employee is transfer. It is lateral movement of employee in an organization by the employee. "A transfer involves the shifting of an employee from one job to another without changing the responsibilities or compensation". Transfers of employees are quite common in all organizations. This can also be defined as a change in job within the organization where the new job is substantially equal to the old in terms of pay, status and responsibilities. Transfers of employees can possible from one department to another from one plant to another. Transfer may be initiated by the organization or by the employees with the approval of the organization. It can be also due to changes in organizational structure or change in volume of work, it is necessary due to variety of reasons.

Types of Transfers:

1. Production Transfer:

Such transfers are resorted to when there is a need of manpower in one department and surplus manpower in other department. Such transfers are made to meet the company requirements. The surplus employees in one department/section might be observed in other place where there is a requirement.

2. Replacement Transfers:

This takes place to replace a new employee who has been in the organization for a long time and thereby giving some relief to an old employee from the heavy pressure of work.

3. Remedial Transfers:

As the name suggest, these transfers are made to rectify the situation caused by faulty selection and placement procedures. Such transfers are made to rectify mistakes in placement and recruitments. If the initial placement of an individual is faulty or has not adjusted to work/job, his transfer to a more appropriate job is desirable.

4. Versatility Transfer:

Such transfers are made to increase versatility of the employees from one job to another and one department to another department. Transfer (Job Rotation) is the tool to train the employees. Each employee should provide a varied and broader job experiences by moving from one department to another. This is for preparing the employee for promotion; this will definitely help the employee to have job enrichment.

ABSENTEEISM

Employee's presence at work place during scheduled time is highly essential for the smooth running of the production process in particular and organization in general. Despite the significance of employee presence, employee sometimes fails to report at work place during the scheduled time, which is known as "absenteeism". The term absenteeism is defined as the "the failure of a worker to report for work when scheduled to work". The Webster dictionary states "absenteeism is the practice or habit of being an 'absence' and absentee is one who habitually stays away". There are four types of Absenteeism: Authorized absenteeism, unauthorized absenteeism, willful absenteeism and absenteeism caused by circumstances.

Causes of Absenteeism:

1. Poor working conditions
2. Social and religious ceremonies
3. Unsatisfactory housing conditions
4. Industrial fatigue
5. Unhealthy working condition
6. Poor welfare facilities
7. Alcoholism
8. Indebtedness
9. Change in technology
10. Unsound personnel policies
11. Inadequate leave facilities
12. Low level of wages

EMPLOYEE TURNOVER

Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Although different types of turnover exist, the general definition is that turnover occurs when the employment relationship ends.

1. Voluntary Turnover:

When an employee leaves the company of her own volition, it's called voluntary termination. Employees give a number of reasons for leaving their jobs. They may be accepting employment with another company, relocating to a new area or dealing with a personal matter that makes it impossible to work.

2. Involuntary Turnover:

Employee termination for poor job performance, absenteeism or violation of workplace policies is called involuntary turnover -- also referred to as termination, firing or discharge. It's involuntary because it wasn't the employee's decision to leave the company.

EMPLOYEE REMUNERATION

Wages and Salary Administration

Wage is compensation to the employees for services rendered to the organization. In case the quantum of services rendered is difficult to measure, then the payment is called salary. Normally the wage period is shorter than the salary period. Payment made to labour is generally referred as wages. Money paid periodically to persons whose output cannot be easily measured, such as clerical staff as well as supervisory staff, is generally referred to as salaries. Salaries are paid uniformly generally on monthly basis and at times the element of incentive is introduced in the form of commission. Incentives are paid to salaries persons in addition to their salaries. However, it is in the area of labour that there are several types of methods of wage payment.

ILO defined the term wage as "the remuneration paid by the employer for the services of hourly, daily, weekly and fortnightly employees". It also means that remuneration paid to production and maintenance or blue-collar employees.

Salary is defined as the remuneration paid to the clerical and managerial personnel employed on monthly or annual basis. This distinction between wage and salary does not seem to be valid in these days of human resources approach where all employees are treated as human resources and are viewed at par. Hence, these two terms can be used interchangeably. As such, the term wage and/or salary can be defined as the direct remuneration paid to an employee compensating his services to an organization. Salary is also known as basic pay.

Need for Sound Salary Administration:

Management has to formulate and administer the salary policies on sound lines as (i) most of the employees' satisfaction and work performance are based on pay; (ii) internal inequalities in pay are more serious to certain employees; (iii) employees compare their pay with that of others; (iv) employees act only to gross external inequities; (v) employee comparisons of pay are uninfluenced by levels of aspirations and pay history; and (vi) employees compare the pay of different employees with their skill, knowledge, performance, etc.

Objective of Wage and Salary Administration:

1. To acquire qualified competent personnel
2. To retain the present employees
3. To secure internal and external equity:
4. To ensure desired behaviour.
5. To keep labour and administrative costs.
6. To protect in public as progressive employers
7. To pay according to the content and difficulty of the job
8. To facilitate pay roll administration of budgeting and wage and salary control.
9. To simplify collective bargaining procedures and negotiations
10. To promote organization feasibility principles of wage and salary administration

Principles of wage and salary Administration:

1. Wage and salary plans and policies should be sufficiently flexible.
2. Job evaluation must be done scientifically.
3. Wage and salary administration plans must always be consistent with overall organizational plans and programmes.
4. Wage and salary administration plans and programmes should be conformity with the social and economic objectives of the country like attainment of equality in income distribution and controlling inflationary trends.
5. Wage and salary administration plans and programmes should be responsive to the changing local and national conditions.

Factors Affecting Wage Rates:

There are several factors, which influence the wage rates. The variations in wage structure in various industries are the results of these factors. Some important factors are:

1. Demand and Supply:

The wage rates are fixed by the demand and supply position of the workers in the labour market. If labour is in short supply, the workers will offer their services only if they are paid well. On the other hand, labour may be available at cheaper rates if their supply is in plenty.

2. Bargaining Power:

Wages also depend to a considerable extent on the relative bargaining power of the labour unions and the employers. Where labour unions are strong enough to force the hand of employers, the wages will be determined at a higher level in comparison to other units where unions are weak.

3. Cost of Living:

Progressive employers do not leave the wages to be determined by the blind forces of demand and supply. They take due notice of the cost of living for the workers at that place and try to fix the wages as to ensure a decent living wage to the workers.

4. Condition of Product Market:

The wage levels will be influenced by the degree of competitions prevailing in the market for the product of the industry. If it is a perfect competitive market the wage level may be at par with the value of the net additions made by the workers to the total output.

5. Comparative Wages:

Wages paid by other firms in the same market for similar work also influence the wage levels. Wage rates must also be in consistent with the wages paid by other firms in the same industry. The comparative wages will increase the job satisfaction among the workers.

6. Ability to Pay:

Wage rates are influenced by the ability of industry or firm to pay its workers. Those firms, which are earning huge profits, may naturally afford much better wage rates and more facilities to its workers in comparison to those firms, which are earning only marginal profits.

7. Productivity of Labour:

Productivity is considered to be the main basis of wage- determination. In firms, where productivity of lab OUT is high, higher wages are paid as compared to other firms where it is low.

8. Job Requirements:

A worker is compensated according to the job requirements. If a job requires higher skill, greater responsibility and risk, the worker placed on that job will naturally get higher wages in comparison to other jobs which do not require the same degree of skill, responsibility or risk.

9. Government Policy:

Since the bargaining power of the workers is not enough to ensure fair wages in all industries, the Government has to interfere in regulating wage rates to guarantee minimum wage rates in order to cover the essentials of a decent living.

10. Goodwill of the Company:

A few employers want to establish themselves as good employer in the society and fix higher wages for their workers. It attracts qualified employees.

INCENTIVES

Incentives are monetary benefits paid to workers for recognizing of their outstanding performance. According to the National commission on labour -Wage incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person over and above the time rated remuneration for improvements in present or targeted results.

Merits of the Incentives:

1. Incentive system is a healthy way to strengthen the productive front of the industry.
2. Employers as well as workers, both are at advantage.
3. Incentive system reduces the burden of heavy supervisory costs.
4. It has been found that the cases of absenteeism are comparatively lower than in other system of wage payment.
5. It develops healthy industrial relations and reduces chances of disputes between the workers and the employers.
6. Incentives system provides better scope for developing human ingenuity.
7. Incentive system develops the feeling co-operation among the workers.

Demerits:

1. If there is no ceiling on incentive earnings, some workers may work overtime and spoil their health.
2. For maximizing the output, quantity may be sacrificed unless a strict check is maintained.
3. Once an incentive plan is introduced, management may face still resistance from workers while revising standards and rates due to changes in technology, methods, machinery and materials.
4. Workers may disregard safety regulations in order to produce more.

Types of Incentive payments:

Organization can form an effective incentive plan from the various alternatives available:

1. **Piece rate:** This incentive is given to the employees based on the number of units produced.
2. **Commission:** It is given to employees on a pre-established goal or criterion.
3. **Bonuses:** Bonuses are given to employees on a pre-established goal or criterion.
4. **Merit Rises:** Merit rises are given on the basis of predetermined policies.
5. **Standard hour pay:** Provides incentives to employees based on the time saved by them during the job course.
6. **Maturity Curves:** Considers the experience and performance of an employee for giving out the incentives.
7. **Gain sharing:** Plans undertake those employees who give outstanding performance and provide for cost saving measures.
8. **Profit sharing:** Incentive plans are practiced in retail and FMCG sectors. It refers to giving out the share of profits, the organization earned to all the employees.

FRINGE BENEFITS

“Fringe” benefits are those monetary and non-monetary benefits that are given to the employees during and post-employment period, and are connected with employment but not with the employee’s contribution to the organization. As indicated earlier, “fringe” (i.e., minor or short) is misnomer nowadays. In the past, employee benefits and services were an exception in some organizations, and they were small in number and volume. However, now they make up such a large part of the total compensation package that the term “fringe” is no longer appropriate. However, the term “supplementary benefits” is still commonly used to refer to this aspect of employee compensation. Thus, it may be noted that “fringe” as the term is commonly used for them.

In fact, benefits have become something other than the once thought of “fringe”. Employees expect certain extras to be the ‘norm’ rather than the ‘exception’. Careful of these requirements and the competition from other employers, management has to develop cost-effective methods to offer these benefits.

The term ‘fringe benefit’ covers bonus, social security measures, retirement benefits like provident fund, gratuity, pension, workmen’s compensation, housing, medical, canteen, cooperative credit, consumer stores, educational facilities, recreational facilities financial advice and so on. Thus, fringe benefits cover a number of employee services and facilities provided by an employer to his employees and in some cases to their family members also. Welfare of employee and his family members is an effective advertising and also a method of buying the gratitude and loyalty of employees. But, while some employers provide these services over and above the legal requirements to make effective use of their work force, some

restrict themselves to those benefits which are legally required.

PERFORMANCE APPRAISAL

Performance appraisal or Performance evaluation is a method of evaluating the behaviour of employees in a work place, normally including both the quantitative and qualitative aspect of job performance. Performance here refers to the degree of accomplishment of the tasks that makeup an individual's job. It indicates how well an individual fulfilling the job demands. Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on th given job, as well as his potential for future development. Thus, performance appraisal comprises all formal procedures used in organisations to evaluate contributions, personality, and potential of individual employees.

According to Edwin Flippo, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

According to Cummings, "The overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilise the best possible efforts from individuals employed in it. Such appraisals achieve four objectives including the salary reviews the development and training of individuals, planning job rotation and assistance promotions."

Characteristics of Performance Appraisal:

1. **A Process:** Performance appraisal is not a one-act play. It is rather a process that involves several acts or steps.
2. **Systematic Assessment:** Performance appraisal is a systematic assessment of an employee's strengths and weakness in the context of the given job.
3. **Main Objective:** The main objective of it is to know how well an employee is going for the organisation and what needs to be improved in him.
4. **Scientific Evaluation:** It is an objective, unbiased and scientific evaluation through similar measure and procedures for all employees in a formal manner.
5. **Periodic Evaluation :** Although informal appraisals tend to take place in an unscheduled manner (on continuous) basis with the enterprises a supervisors evaluate their subordinates work and as subordinates appraise each other and supervisors on a daily basis.
6. **Continuous Process:** In addition to being periodic performance usually is an ongoing process.

Purposes of Performance Appraisal:

The following are the main purposes of performance appraisal:

1.Appraisal Procedure:

It provides a common and unified measure of performance appraisal, so that all employees are evaluated in the same manner. It gives an in discriminatory rating of all the employees

2.Decision Making:

Performance appraisal of the employees is extremely useful in the decision making process of the organization. In selection, training, promotion, pay increment and in transfer, performance appraisal is very useful tool.

3. Work Performance Records:

Performance appraisal gives us a complete information in the form of records regarding every employee. In the case of industrial disputes even arbitrator accepts these records in the course of grievance handling procedure.

4. Employees Development:

Performance appraisal guides the employees in removing their defects and improving their working. The weaknesses of the employee recorded in the performance appraisal provide the basis for an individual development programme. If properly recorded and used, the performance appraisal gives the fair opportunities to employees to correct and rectify their mistakes.

5. Enables Supervisors to be More Alert and Competent :

Performance appraisal enables supervisor to be more alert and competent and to improve the quality of supervision by giving him a complete record of employee's performance. He can guide an employee, where he is prone to commit mistakes.

6. Merit Rating :

Merit rating is another name of performance appraisal, it gives supervisors a more effective tool for rating their personnel. It enables them to make more careful analysis of employee's performance and make them more productive and useful.

7. Improves Employer Employee Relations :

Performance appraisal is not only a useful guide for the supervisors and employees but it improves the employer-employee relations by creating a more conducive and amicable atmosphere in the organization. It also stimulates free exchange of thoughts and ideas between the supervisor and his men. In this way performance appraisal bridges the emotional gap between the employer and employee by bringing them more close and by reducing man-to-man differences in the organization.

Uses of Performance Appraisal:

Performance appraisal helps the employees in Self-improvement and Self-development. It helps the management in taking decisions about Placement, Promotions, Transfer, Training and Development, etc. It helps to achieve individual and organisational goals. It is useful to the employees and the organisation. Therefore, Performance Appraisal should be conducted objectively from time to time.

1. Help in Deciding Promotion:

It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities. A well-organised, development and administered performance appraisal programme may help the management in determining whether an individual should be considered for promotion.

2. Help in Personnel Actions:

Personnel actions such as lay-offs, demotions, transfers and discharges etc. may be justified only if they are based on performance appraisal.

3. Help in Wage and Salary Administration:

The wage increase given to some employees on the basis of their performance may be

justified by the performance appraisal results.

4.Help in Training and Development:

An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements.

5.Aid to Personnel Research:

Performance appraisal helps in conducting research in the field of personnel management. Theories in personnel field are the outcome of efforts to find out the cause and effect relationship between personnel and their performance. By studying the various problems which are faced by the performance appraiser, new areas of research may be developed in personnel field.

6.Help in Self Evaluation:

Performance appraisal helps the employee in another way also. Every employee is anxious to know his performance on the job and his potentials for higher jobs so as to bring himself to the level of that position.

Essentials of an Effective Performance Appraisal System:

1.Mutual Trust:

The existence of an atmosphere of confidence and trust so that both supervisor and employee may discuss matters frankly and offer suggestions which may be beneficial for the organisation and for an improvement of the employee. An atmosphere of mutual trust and confidence should be created in the organisation before introducing the appraisal system.

2.Clear Objectives:

The objectives and uses of performance appraisal should be made clear and specific. The objectives should be relevant, timely and open.

3.Standardisation:

Well-defined performance factors and criteria should be developed. These factors as well as appraisal form, procedures and techniques should be standardised. It will help to ensure uniformity and comparison of ratings.

4.Training:

Evaluators should be given training in philosophy and techniques of appraisal. They should be provided with knowledge and skills in documenting appraisals, conducting post appraisal interviews, rating errors, etc.

5.Job Relatedness:

The evaluators should focus attention on job-related behaviour and performance of employees. The results of performance rather than personality traits should be given due weight.

6.Strength and Weaknesses:

The raters should be required to justify their ratings. The supervisor should try to analyse the strength and weaknesses of an employee and advise him on correcting the weakness.

7. Individual Differences:

While designing the appraisal system, individual differences in organisations should be recognised. Organisations differ in terms of size, nature, needs and environment. Therefore, the appraisal system should be tailor-made for the particular organisation.

8. Feedback and Participation:

Arrangements should be made to communicate the ratings to both the employees and the raters. The employees should actively participate in managing performance and in the ongoing process of evaluation. The superior should play the role of coach and counsellor.

9. Post Appraisal Interview:

A post-appraisal interview should be arranged so that employees may be supplied with feedback and the organisation may know the difficulties under which employees work, so that their training needs may be discovered..

10. Review and Appeal:

A mechanism for review of ratings should be provided. Which particular technique is to be adopted for appraisal should be governed by such factors as the size, financial resources, philosophy and objectives of an organisation.

Process of Performance Appraisal:

1. Establishing Performance Standard:

The process of evaluation begins with the establishment of Performance Standards. While designing a job and formulating a job description, performance standards are usually developed for the position. This standard should be very clear and objective enough to be understood and measured.

2. Communicating Performance Expectations to Employees:

The next important step is to communicate the aforesaid standards to the concerned employees. Their jobs and jobs-related behaviour should be clearly explained to them.

3. Measuring Actual Performance:

The third step is the measurement of actual performance. To determine what actual performance is, it is necessary to acquire information about it we should be concerned with how we measure and what we measure. Four sources of information are frequently used to measure actual performance: personal observation, statistical reports, oral reports and written reports.

4. Comparing Actual Performance with Standards:

The next step is comparison of actual performance with the standards. By doing the potentiality for growth and advancement of an employee can be appraised and judged. Efforts are made to find out deviations between standard performance and actual performance.

5. Discussing the Appraisal with the Employee:

After comparing actual performance with standards, the next step is to discuss periodically the appraisal with the employee. Under these discussion good points, weak points, and difficulties are indicated and discussed so that performance is improved.

6. Initiating Corrective Action:

The final step is the initiation of corrective action whenever necessary. Immediate corrective action can be of two types. One is immediate and deals predominantly with symptoms. The other is basic and delves into causes.

Methods or Techniques of Performance Appraisal:

Several methods and techniques are used for evaluating employee performance. They may be classified into *two broad categories*. They are Traditional Methods and Modern Methods.

Traditional Methods:

1. Ranking Method:

Ranking method is the oldest and simplest method of rating. Here, each employee is compared with all others performing the same job and then he is given a particular rank i.e. First Rank, Second Rank etc. This method ranks all employees but it does not tell us the degree or extent of superiority. In this method, the performance of individual employee is not compared with the standard performance. Here, the best is given first rank and poorest gets the last rank.

2. Paired Comparison:

In method is comparatively simpler as compared to ranking method. In this method, the evaluator ranks employees by comparing one employee with all other employees in the group. The rater is given slips where, each slip has a pair of names, the rater puts a tick mark next those employee whom he considers to be the better of the two. This employee is compared number of times so as to determine the final ranking.

3. Grading Method:

Under this method of performance appraisal, different grades are developed for evaluating the ability of different employees and then the employees are placed in these grades. These grades may be as: Excellent, Very good, Good, Average, Bad, and Worst.

4. Man-to-Man Comparison Method:

This method was first used in USA army during the 1st World War. Under this method, few factors are selected for analysis purposes. These factors are: leadership, dependability and initiative. After that a scale is designed by the rate for each factor. A scale of person is also developed for each selected factor. Each person to be rated is compared with the person in the scale, and certain scores for each factor are awarded to him/her.

5. Graphic Rating Scale Method:

This is the very popular, traditional method of performance appraisal. Under this method, scales are established for a number of fairly specific factors. A printed form is supplied to the rater. The form contains a number of factors to be rated. Employee characteristics and contributions include qualities like quality of work, dependability, creative ability and so on. These traits are then evaluated on a continuous scale, where the rater places a mark somewhere along the scale. The scores are tabulated and a comparison of scores among the different individuals is made. These scores indicate the work of every individual.

6. Check-list Method:

The main reason for using this method is to reduce the burden of evaluator. In this method of evaluation the evaluator is provided with the appraisal report which consist of series of questions which is related to the appraise. Such questions are prepared in a manner that reflects the behaviour of the concerned appraise.

7. Critical Incidents Method:

This method is very useful for finding out those employees who have the highest potential to work in a critical situation. Such an incidence is very important for organization as they get a sense, how a supervisor has handled a situation in the case of sudden trouble in an organization, which gives an idea about his leadership qualities and handling of situation. It is also said to be a continuous appraisal method where employees are appraised continuously by keeping in mind the critical situation.

8. Essay Method:

In this method, the rater writes a detailed description on an employee's characteristics and behaviour, Knowledge about organizational policies, procedures and rules, Knowledge about the job Training and development needs of the employee, strengths, weakness, past performance, potential and suggestions for improvement. It is said to be the encouraging and simple method to use. It does not need difficult formats and specific training to complete it.

Modern Methods:

1. Management by Objective (MBO)

It was Peter F. Drucker who first gave the concept of MBO to the world in 1954 when his book The Practice of Management was first published. Management by objective can be described as, a process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.

2. Assessment Centers:

It is a method which was first implemented in German Army in 1930. With the passage of time industrial houses and business started using this method. This is a system of assessment where individual employee is assessed by many experts by using different technique of performance appraisal. The techniques which may be used are role playing, case studies, simulation exercises, transactional analysis etc.

3. 360 Degree Performance Appraisals:

This method is also known as 'multi-rater feedback', it is the appraisal in a wider perspective where the comment about the employees' performance comes from all the possible sources that are directly or indirectly related with the employee on his job. In 360 degree performance appraisal an employee can be appraised by his peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into direct or indirect contact with the employee and can provide necessary information or feedback regarding performance of the employee the "on-the-job". The four major component of 360 degree performance appraisal are: employees self appraisal, appraisal by superior, appraisal by subordinate and peer appraisal.

Employee self appraisal gives an option to the employee to know his own strengths and weaknesses, his achievements, and judge his own performance. Appraisal by superior

forms the traditional part of the 360 degree performance appraisal where the employees' responsibilities and actual performance is judged by the superior. Appraisal by subordinate gives a chance to evaluate the employee on the basis of communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc.

4. Cost Accounting Method:

In this method performance of an employee is evaluated on the basis of monetary returns the employee gives to his or her organization. A relationship is recognized between the cost included in keeping the employee in an organization and the benefit the organization gets from him or her. The evaluation is based on the established relationship between the cost and the benefit. The factors interpersonal relationship with others, quality of product produced or service given to the organization, wastage, damage, accidents caused by the employee, average value of production or service by an employee and overhead cost incurred are considered while evaluating an employee's performance.

5. Behaviourally Anchored Rating Scales (BARS):

This method is a combination of traditional rating scales and critical incidents methods. It consists of preset critical areas of job performance or sets of behavioural statements which describes the important job performance qualities as good or bad (for e.g. the qualities like inter personal relationships, flexibility and consistency, job knowledge etc). These statements are developed from critical incidents. These behavioural examples are then again translated into appropriate performance dimensions. Those that are selected into the dimension are retained. The final groups of behaviour incidents are then scaled numerically to a level of performance that is perceived to represent. A rater must indicate which behaviour on each scale best describes an employee's performance. The results of the above processes are behavioural descriptions, such as anticipate, plan, executes, solves immediate problems, carries out orders, and handles urgent situation situations.

Limitations of Performance Appraisal:

1. Time Consuming:

Performance appraisal is a time taking affair. It is a very lengthy process under which different forms are to be filled in and various observations are required to be noted in a careful manner.

2. Lack of Reliability:

Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal.

3. Incompetence:

Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

4. No Uniform Standards:

The standards used for appraisal purpose which are not uniform within the same organisation. This makes the rating unscientific. Similarly, the rating is done on the basis of an overall impression, which is not proper.

5. Absence of Effective Participation of Employees:

In performance appraisal effective participation of concerned employee is essential. In many methods of appraisal he is given a passive role. He is evaluated but his participation or self evaluation is rather absent.

6. Resistance of Employees to Appraisal:

Employees oppose the system as they feel that the system is only for showing their defects and for punishing them. The managers resist the system as they are not willing to criticize their subordinates or have no capacity to guide them for self improvement or self development.

7. Paper work:

Some supervisors feel that performance appraisal is paperwork. They make such complaints because many a times, performance appraisal reports are found only in the files rather than rendering any practical use.

8. Fear of Spoiling Relations:

Performance appraisals may also affect superior- subordinate relations. As appraisal makes the superior more of a judge rather than a coach, the subordinate may look upon the superior with a feeling of a suspicion and mistrust.

9. Stereo typing:

This implies forming a mental picture of a person on the basis of his age, sex, caste or religion. It results in an over-simplified view and blurs the assessment of job performance.

10. Negative Approach:

Performance appraisal loses most of its value when the focus of management is on punishment rather than on development of employees.

11. Multiple Objectives:

Raters may get confused due to too many objectives or unclear objective of performance appraisal.

12. Resistance:

Trade unions may resist performance appraisal on the ground that it involves discrimination among its members. Negative ratings may affect interpersonal relations and industrial relations particularly when employees/unions do not have faith in the system of performance appraisal.

13. Halo Effect:

Generally, there is the presence of a 'halo' effect which leads to a tendency to rate the same individual first, which once has stood first.

14. Individual Differences:

Some people are more distinct while some are very liberal in assigning the factors, points or number to the employees. They are unable to maintain a fair distinction between two individuals. It also nullifies the utility of this system.

15. Unconfirmed:

Sometimes the results of performance appraisals are not confirmed by other techniques of motivation, incentive wages plans and so on. Factors are introduced in the managerial appraisal because of a fact or bias in the person concerned conducting the appraisal.

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**UNIT - IV
INDUSTRIAL RELATIONS**

Industrial relation means the relationship between employers and employees in course of employment in industrial organisations. However, the concept of Industrial Relations has a broader meaning. In a broad sense, the term Industrial Relations includes the relationship between the various unions, between the state and the unions as well as those between the various employers and the government. Relations of all those associated in an industry may be called Industrial Relations.

Definition:

Industrial relation is defined as relation of Individual or group of employee and employer for engaging themselves in a way to maximize the productive activities.

According to International Labour Organisation, “Industrial relations comprise relationships between the state on one hand and the employer’s and employee’s organisation on the other, and the relationship among the occupational organisations themselves”.

According to J.T. Dunlop, “Industrial relations are the complex interrelations among managers, workers and agencies of the government”.

Meaning and concepts of Industrial relations:

Industrial relations has become one of the most delicate and complex problems of modern industrial society. Industrial progress is impossible without cooperation of labors and harmonious relationships. Therefore, it is in the interest of all to create and maintain good relations between employees (labor) and employers (management).

The term ‘Industrial Relations’ comprises of two terms: ‘Industry’ and ‘Relations’. “Industry” refers to “any productive activity in which an individual (or a group of individuals) is (are) engaged”. By “relations” we mean “the relationships that exist within the industry between the employer and his workmen.” The term industrial relations explain the relationship between employees and management which stems directly or indirectly from union-employer relationship.

Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

The term industrial relations have a broad as well as narrow outlook. Originally, industrial relations were broadly defined to include the relationships and interactions between employers and employees. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labor) relations. Now its meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labor-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers.

The relationships which arise at and out of the workplace generally include the relationships between individual workers, the relationships between workers and their employer and the relationships between employees. The relationships employers and workers

have with the organizations are formed to promote their respective interests, and the relations between those organizations, at all levels. Industrial relations also includes the processes through which these relationships are expressed (such as, collective bargaining, workers' participation in decision-making, and grievance and dispute settlement), and the management of conflict between employers, workers and trade unions, when it arises.

Features of Industrial Relations:

Industrial relations are outcomes of employment relationships in an industrial enterprise. These relations cannot exist without the two parties namely employers and employees. Industrial relations system creates rules and regulations to maintain harmonious relations. The government intervenes to shape the industrial relations through laws, rules, agreements, terms, charters etc. Several parties are involved in the Industrial relations system. The main parties are employers and their associations, employees and their unions and the government. These three parties interact within economic and social environment to shape the Industrial relations structure.

Industrial relations are a dynamic and developing concept, not a static one. They undergo changes with changing structure and scenario of the industry as and when change occurs.

Industrial relations include both individual relations and collective relationships.

Objectives of Industrial Relations:

1. To maintain industrial democracy based on participation of labour in the management and gains of industry.
2. To raise productivity by reducing tendency of high labour turnover and absenteeism
3. To ensure workers' participation in management of the company by giving them a fair say in decision-making and framing policies.
4. To establish a proper channel of communication
5. To increase the morale and discipline of the employees
6. To safeguard the interests of the labour as well as management by securing the highest level of mutual understanding and goodwill between all sections in an industry
7. To avoid all forms of industrial conflicts so as to ensure industrial peace by providing better living and working standards for the workers.
8. To bring about government control over such industrial units which are running at a loss for protect the livelihood of the employees.

Importance of Industrial Relations:

1. Uninterrupted Production:

The most important benefit of industrial benefits is that it ensures continuity of production. This means continuous employment for all involved right from managers to workers. There is uninterrupted flow of income for all. Smooth running of industries is important for manufacturers, if their products are perishable goods and to consumers if the goods are for mass consumption (essential commodities, food grains etc.). Good industrial relations bring industrial peace which in turn tends to increase production.

2. Reduction in Industrial disputes:

Good Industrial relations reduce Industrial disputes. Strikes, grievances and lockouts are some of the reflections of Industrial unrest. Industrial peace helps in promoting co-operation and

increasing production. Thus good Industrial relations help in establishing Industrial democracy, discipline and a conducive workplace environment.

3. High morale:

Good Industrial relations improve the morale of the employees and motivate the worker workers to work more and better.

4. Reduced wastage:

Good Industrial relations are maintained on the basis of co- operation and recognition of each other. It helps to reduce wastage of material, manpower and costs.

5. Contributes to economic growth and development.

The main concepts of industrial relations are:

1. Preservation and promotion of economic interest of workers along with social interest.
2. Peace and productivity goes hand in hand hence. Attempt to reduce industrial dispute and promote peace is a necessity.
3. Employer employee relation should be made healthy and growing.
4. Running of the industry, day to day work should be made more democratic with increasing workers participation.
5. Producing products at a very competitive price so that country can promote export and our economy can improve.
6. Bringing mental revolution in management

The determinants of good industrial relation can be promoted:

1. Measures for securing and preserving unity and better relations between workers and employers
2. Arrange to probe and settle industrial dispute between employer employee oremployer and employer or employee and employee, give proper representation to workers union and industrial federations of employers.
3. Both the ultimate weapons of employers and employee – strike and lock out should be prevented at any cost. Proper relief to workers after a lock out or layoff through government agencies
4. Workers participation at all levels and encourage give and take principle in collective Bargaining.
5. Industrial relation requires a study regarding I) conditions of work (ii) compensation paid for the sweat the worker makes iii) permanency of the job assured continuance of work or otherwise.

The parties to Industrial Relations are:

Workers and their unions, the intelligence level knowledge of workers, back-ground of worker leaders, real or boughs their linkage with political unions, are to be considered for the effective relations.

Nature of employment and employers, whether benevolent, interested in workers or aiming to get as much profit as possible squeezing workers their attitude plays vital role in maintaining better relations. Whether they want to have team and growth of their team as a whole or just hire and fire system.

Position of government, political wills whether opportunities favouring employers or interested in workers, are to be seen. Their interest in workers can be seen through their actions in creating Laws for labour welfare and implementing them effectively.

Industrial relations development can be based:

On a spirit of team development team building workers are to be seen as partners in the industry for national development thro industrial development, most of the laws and government's directives wants to enforce workers participation joint councils, collective improvements work etc.

In the above method it is Bipartite, partite there is yet another arrangement of tripartite nature; introduction acceptance and bringing up of unions.

In the first case the welfare / personal man is the link between employers and employee. In this type of industrial relation approach the unions are encouraged as a unifying force and to make workers understand the policies – from a different position. The work becomes easier if unions are working with spirit of development and understanding. In this type of industrial Relation approach unions are having upper hand. Some times they make workers as pawn. Only workers interest is put on the front, for getting the status of employers. Pressure tactics are adopted, some time leading to strike to extract maximum from employer, this attitudes which may push towards terror tactics may not yield desired results. Quite likely entrepreneurs may start shrinking; existence of such industries may be jeopardized an unwanted situation. Similarly the employers roaming with a lock in his hand also will not contribute for better relations. It is the mutual understanding and appreciation only will give better results.

CAUSES OF POOR INDUSTRIAL RELATIONS

1. Economic causes:

Often poor wages and poor working conditions are the main causes for unhealthy relations between management and labour. Unauthorised deductions from wages, lack of fringe benefits, absence of promotion opportunities, faulty incentive schemes are other economic causes. Other causes for Industrial conflicts are inadequate infrastructure, worn-out plant and machinery, poor layout, unsatisfactory maintenance etc.

2. Organisational causes:

Faulty communications system, unfair practices, non- recognition of trade unions and labour laws are also some other causes of poor relations in industry.

3. Social causes:

Uninteresting nature of work is the main social cause of poor Industrial relations. Dissatisfaction with job and personal life culminates into Industrial conflicts.

4. Psychological causes:

Lack of job security, non-recognition of merit and performance, poor interpersonal relations are the psychological reasons for unsatisfactory employer-employee relations.

5. Political causes:

Multiple unions, inter-union rivalry weaken the trade unions. Defective trade unions system prevailing in the country has been one of the most responsible causes for Industrial

disputes in the country.

SUGGESTIONS TO IMPROVE INDUSTRIAL RELATIONS

1. Sound personnel policies:

Policies and procedures concerning the compensation, transfer and promotion, etc. of employees should be fair and transparent. All policies and rules relating to Industrial relations should be fair and transparent to everybody in the enterprise and to the union leaders.

2. Participative management:

Employees should associate workers and unions in the formulation and implementation of HR policies and practices.

3. Responsible unions:

A strong trade union is an asset to the employer. Trade unions should adopt a responsible rather than political approach to industrial relations.

4. Employee welfare:

Employers should recognise the need for the welfare of workers. They must ensure reasonable wages, satisfactory working conditions, and other necessary facilities for labour. Management should have a genuine concern for the welfare and betterment of the working class.

5. Grievance procedure:

A well-established and properly administered system committed to the timely and satisfactory redressal of employee's grievances can be very helpful in improving Industrial relations. A suggestion scheme will help to satisfy the creative urge of the workers.

6. Constructive attitude:

Both management and trade unions should adopt positive attitude towards each other. Management must recognise unions as the spokesmen of the workers' grievances and as custodians of their interests. The employer should accept workers as equal partners in a joint endeavour for good Industrial relations.

7. Imparting education and training to the employees.

8. Creating a proper communication channel to avoid grievances and misunderstandings among employees.

LABOUR DISPUTES AND INDUSTRIAL RELATIONS IN INDIA

It is concerned with the relationships between management and workers and the role of regulatory mechanism in resolving any industrial dispute. The relation between workers and management have undergone Himalayan changes in our country there had been a system of king and his subjects, all should work to improve the coffers of the king. Later Zamindars came and workers were at their mercy – some time bonded also, later with the formation of East India company and British Rule a heart less Hire and fire system was established Industrial workers were no man's child neither the employers nor government cared for them, there were no union also.

Gradually enlightened leaders came in like, Gokale, MK Gandhi Roy, Tilak etc felt the need for worker's union. Their relentless efforts forced both governments and the employers

to think of workers lot small unions were formed, government enacted rules like Trade union Act 1926. Industrial disputes Act etc. The workers began to realise their status and they were awakened.

A sort of up righting workers and reluctant management has started functioning. Soon workers motivated by different Industrial Acts enacted by parliament supporting them, and looking after their health, welfare, safety, social security etc. Got emboldened and to raise their voice. At the same time management also has started improving, more and more industries were nationalised, public sector came in to existence at number of places, textile insurance, banks transport etc. With increasing number of public sectors, workers life style changed assured job arrogated unions, appeasing management, administration with less account ability – workers had their field day. Public sectors started doing more of social service than business and profit doling out public exchequer.

Slowly this trend is changing with the government's reversal policy, decentralization Privatisation etc. This is compelled by universal need to compete in business activated by world. Trade organisation global economy etc government turned towards foreign investments and industrial set ups by foreign investors. Stringency of some of the laws are disappearing monopolies Restrictive Trade Practice, F.E.R.A etc consequently issues like productivity linking productivity with emoluments are also coming into fore front. With new companies coming in, formation of merry unions have come to a stand still, no union worth the name is there in I.T sector in our Tital Park, Chip's World etc. Job security is diminishing, legislations, are not coming as before because we have to live in a competitive world, of industries where down sizing out sourcing productivity, etc has become the watch word.

Industrial Relations in India:

Industrial Relations in India has undergone a wide change in Indian sceneries, duringthe end of British period in India an awakening in working class was seen. The world wars forced the employers to become friendlier with the workers; to see un interrupted production is ensured during war time. Out of their self interest they have to become benevolent, At the same time leaders also came up, Mr. Roy Tilak Mahatma Gandhi and others were instrumental to organise workers union, and also force government to frame labour laws, to improve the lot of workers. In 1929 Industrial dispute Act was enacted later in 1947 it became industrial dispute, act where in machineries to solve industrial dispute were indicated.

The Directive principles of state policy, as enshrined in our constitution stipulate that the state should endeavour to improve the workers conditions, working conditions, and also productivity of industries which will improve wealth of nations.

Several acts are enacted by parliament both before and after independence which were focusing on workers interests, welfare health etc. The Factory, Act. Industrial Dispute Act; Trade union Act gives major direction to achieve the constitutional directives.

Besides this, wages Act 1948, Bonus Act 1965, Gratuity Act 1972, Equal remuneration Act 1975, are some of the acts in the above direction. In 1972 National commission on labour, recommended setting up a permanent industrial Relations commission this was not well received by government. National conference in 1982 made several recommendations

1. Emphasis on formation of permanent industrial Relations commission
2. Stringent action on contravention of a mutually agreed code of conduct
3. A check off system was prescribed where in by ballot election, how many are real

members of a union how many, dual, boughs etc could come to light. This did not find well with unions but some unions have arranged for deduction of their subscription through employers pay counter to some extent the check of system is working.

Causes of industrial unrest in India:

It can be classified mainly under four heads they are

1. Financial Aspects:

1. Demand for increase of wages, salaries and other perks. workers demand goes on increasing with the increase in cost of living
2. Demand for more perks, and fringe benefits. Issue of bonus also has become a contentious one, even though Bonus Act has come fixing minimum rate payable as 81/3% of their total salary in spite of profit or loss incurred by the industry.
3. Incentives festivals allowances, concessions etc requires a hike every now and then, workers compare these benefits with other industries and demand them – without comparing the capacity of the industry where they are working.

2. Non financial aspects:

1. Working hours, rest hours, traveling hours are source of disputes. If houses are provided some section of workers want to include travel time also as working hours.
2. Introduction of machines, computers modernisation, automation – In effect any act of management which may result in economy in man power is resisted
3. More facilities like free meals free group travel etc are sought every now and then

3. Administrators Causes:

1. Non implementation of agreements awards and other local settlements with full spirit
2. Stifling with recognition of labour unions though registered,
3. Attempt to weaken existing trade unions and trying to foist fake unions
4. Un healthy working conditions
5. Lack of skill on the part of leaders supervisors
6. Disproportionate works loads, favoritism
7. Victimization, nepotism attitude of management in recruitment, promotion and transfer
8. Instead of redeployment or skill improvement easier way of retrenchment forced voluntary retirement schemes (V.R.S) are adopted.

4. Government and political pressures:

1. Industrial unions affiliating with political unions which are in power, resulting in frequent shift of loyalty and resultant unrest
2. Politician influencing workers group closes examples is the Nalco – taken over by Sterlite, the state government supported (propped up) strike at chattisgarh state against Nalco, for months together resulting in total stoppage of the industry for some time.
3. Some time unions, workers strike against mergers, acquisition, taken over, disinvestments policies, of government and private sectors.

Other causes of strained relations:

1. Refusal to have workers participation in the running of the industry.
2. Non adherence to laid out _standing orders grievances procedures
3. Refusal to have free frank, and transparent collective bargaining.
4. Sympathetic strike – a show of readership to workers of neighboring industries, and conducting a token strike when they are in full strike. This may cause internal bitterness.

Consequences of strained Industrial relations:

1. May result in go slow tactics, Strike, lock out etc.
2. Industrial production and productivity may be affected; growth of industries will be stunted
3. May result in recited atmosphere, law and order situation will deteriorate
4. Employer, Management, labour relations will be affected mutual faith and team spirit will vanish.
5. Absence of mutual co operation affects participation forums and Bargaining Plot forms.
6. Government also will loose revenue, and may need to spend more to keep law and order around the industry
7. National income, per capital income will go order
8. Will result in loss in earnings of workers with added suffering
9. The industries also will suffer loss, and it is a loss to common consumers also.

The manifestation of industrial strife, disputes come in the form of strike lockout, layoff and retrenchment. To maintain good Industrial Relations we should know what are these weapons in the hands of employers and workers and to diffuse it. Our law markers in India have enacted about these manifestation of disputes.

Strike

Means a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment

The ingredients can be summed up as:

1. A cessation of work
2. This abstinence of work must be by a body of persons employed in an industry
3. The strikers must have been acting in combination.
4. They must be persons working in an industry as per this 1.D Act 1947.
5. There must be concerted refusal or refusal in a common understanding, they must stop work for some demands relating to this employment or its terms, or conditions of labour.
6. The strike may be manifested in different forums like, hunger, sit down, solve down, pen down, lighting etc.

Lockout

Lockout means the temporary closing of a place of employment or the suspension of work, or the refusal by an employer to continue to employ any number of person employed by him; There is temporary closing of employment. The elements of demand for which the industry is locked out must be present. The intention to reopen or take the workers back if they accept the demands, must exist lock out is not closure it is a tactics in bargaining it is intended for the purpose of compelling the employee to accept any terms or conditions affecting employment. It is a weapons in the hands of employers, A lock out declared in consequence of an illegal strike or a strict declared in consequence of a illegal lock out shall not be deemed to be illegal.

Layoff

Layoff means, failure, refusal or inability of an employer on account of shortage of

fuel power or raw materials, or the accumulation of stock or the breakdown of machinery to give employment to a workman whose name is on the master reels of his industrial establishment and who has not been retrenched. It is a short term removal of workers. The essentials of a lay off are failure refusal in ability of the employers to give work. The employees must be permanent in nature at the time of lay off. The failure to give work should be due to reason beyond his powers like:

1. A major break down of machinery
2. Shortage of raw material, power, coal etc.
3. Marketing problem of stocks resulting in accumulation
4. Any other act of god beyond employer's control. The workman must not have been retrenched.

Retrenchment

Retrenchment means termination of the services of a workman by employer for any reason whatsoever otherwise than as a punishment inflicted by way of disciplinary action, but does not include,

1. Voluntary retirement of the workmen, or
2. Retirement of the workman on reaching the age of superannuation
3. Termination (natural) at the end of a contract
4. Termination due to continuous ill health. Essentials of retrenchment
5. Termination of services of a workman not amounting to dismissal
6. Termination on the ground of surplus labour or staff
7. Service terminated must be a continuous one perpetual in nature.
8. Termination not to victimize or due to unfair labour practice.

The above four weapons may create industrial relations strain, cause dispute etc.

Attempts by government to safeguard industrial relation:

1. The strikes may be declared illegal if adequate notices are not given if given it becomes legal and they may get compensation etc if any action is taken by employer.
2. During lay off which is beyond the control of employers, workers should be paid $\frac{1}{2}$ the wages for sustenance at least up to 45 days.
3. Lockout can be as a consequence to illegal strike. If strike is withdrawn work can resume, of course punitive action can be completed.
4. Retrenchment is an extreme action, but when industry comes back to normal running, the retrenched workers can re establish their lien, and they will be given preference for absorption.

**UNIT - V
WORKERS' PARTICIPATION IN MANAGEMENT**

Workers' participation in management is an essential ingredient of Industrial democracy. The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management.

Traditionally the concept of Workers' Participation in Management (WPM) refers to participation of non-managerial employees in the decision-making process of the organization. Workers' participation is also known as 'labour participation' or 'employee participation' in management. In Germany it is known as co-determination while in Yugoslavia it is known as self-management. The International Labour Organization has been encouraging member nations to promote the scheme of Workers' Participation in Management.

Workers' participation in management implies mental and emotional involvement of workers in the management of Enterprise. It is considered as a mechanism where workers have a say in the decision-making.

Definition:

According to Keith Davis, "Participation refers to the mental and emotional involvement of a person in a group situation which encourages him to contribute to group goals and share the responsibility of achievement".

According to Walpole, "Participation in Management gives the worker a sense of importance, pride and accomplishment; it gives him the freedom of opportunity for self-expression; a feeling of belongingness with the place of work and a sense of workmanship and creativity".

The concept of workers' participation in management encompasses the following:

1. It provides scope for employees in decision-making of the organization.
2. The participation may be at the shop level, departmental level or at the top level.
3. The participation includes the willingness to share the responsibility of the organization by the workers.

Features of Workers' participation in management:

1. Participation means mental and emotional involvement rather than mere physical presence.
2. Workers participate in management not as individuals but collectively as a group through their representatives.
3. Workers' participation in management may be formal or informal. In both the cases it is a system of communication and consultation whereby employees express their opinions and contribute to managerial decisions.

There can be **five levels of Management Participation** or Workers' participation in management:

1. Information participation:

It ensures that employees are able to receive information and express their views pertaining to the matter of general economic importance.

2. Consultative importance:

Here workers are consulted on the matters of employee welfare such as work, safety and health. However, final decision always rests with the top-level management, as employees' views are only advisory in nature.

3. Associative participation:

It is an extension of consultative participation as management here is under the moral obligation to accept and implement the unanimous decisions of the employees. Under this method the managers and workers jointly take decisions.

4. Administrative participation:

It ensures greater share of workers' participation in discharge of managerial functions. Here, decisions already taken by the management come to employees, preferably with alternatives for administration and employees have to select the best from those for implementation.

5. Decisive participation:

Highest level of participation where decisions are jointly taken on the matters relating to production, welfare etc.

Objectives of Workers' participation in management:

1. To establish Industrial Democracy
2. To build the most dynamic Human Resources
3. To satisfy the workers' social and esteem needs
4. To strengthen labour-management co-operation and thus maintain Industrial peace and harmony
5. To promote increased productivity for the advantage of the organization, workers and the society at large
6. Its psychological objective is to secure full recognition of the workers.

Strategies / Methods / Schemes / Forms of Workers' Participation in Management:

1. Suggestion schemes:

Participation of workers can take place through suggestion scheme. Under this method workers are invited and encouraged to offer suggestions for improving the working of the enterprise. A suggestion box is installed and any worker can write his suggestions and drop them in the box. Periodically all the suggestions are scrutinized by the suggestion committee or suggestion screening committee. The committee is constituted by equal representation from the management and the workers. The committee screens various suggestions received from the workers. Good suggestions are accepted for implementation and suitable awards are given to the concerned workers. Suggestion schemes encourage workers' interest in the functioning of an enterprise.

2. Works committee:

Under the Industrial Disputes Act, 1947, every establishment employing 100 or more workers is required to constitute a works committee. Such a committee consists of equal number of representatives from the employer and the employees. The main purpose of this committee is to provide measures for securing and preserving amity and good relations between the employer and the employees.

3. Joint Management Councils:

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Under this system Joint Management Councils are constituted at the plant level. These councils were setup as early as 1958. These councils consist of equal number of representatives of the employers and employees, not exceeding 12 at the plant level. The plant should employ at least 500 workers. The council discusses various matters relating to the working of the industry. This council is entrusted with the responsibility of administering welfare measures, supervision of safety and health schemes, scheduling of working hours, rewards for suggestions etc.

Wages, bonus, personal problems of the workers are outside the scope of Joint management councils. The council is to take up issues related to accident prevention, management of canteens, water, meals, revision of work rules, absenteeism, indiscipline etc. the performance of Joint Management Councils have not been satisfactory due to the following reasons:

1. Workers' representatives feel dissatisfied as the council's functions are concerned with only the welfare activities.
2. Trade unions fear that these councils will weaken their strength as workers come under the direct influence of these councils.

4. Work directors:

Under this method, one or two representatives of workers are nominated or elected to the Board of Directors. This is the full-fledged and highest form of workers' participation in management. The basic idea behind this method is that the representation of workers at the top-level would usher Industrial Democracy, congenial employee-employer relations and safeguard the workers' interests. The Government of India introduced this scheme in several public sector enterprises such as Hindustan Antibiotics, Hindustan Organic Chemicals Ltd etc. However the scheme of appointment of such a director from among the employees failed miserably and the scheme was subsequently dropped.

5. partnership:

Co-partnership involves employees' participation in the share capital of a company in which they are employed. By virtue of their being shareholders, they have the right to participate in the management of the company. Shares of the company can be acquired by workers making cash payment or by way of stock options scheme. The basic objective of stock options is not to pass on control in the hands of employees but providing better financial incentives for industrial productivity. But in developed countries, WPM through co-partnership is limited.

6. Joint Councils:

The joint councils are constituted for the whole unit, in every Industrial Unit employing 500 or more workers, there should be a Joint Council for the whole unit. Only such persons who are actually engaged in the unit shall be the members of Joint Council. A joint council shall meet at least once in a quarter. The chief executive of the unit shall be the chairperson of the joint council. The vice-chairman of the joint council will be nominated by the worker members of the council. The decisions of the Joint Council shall be based on the consensus and not on the basis of voting. In 1977 the above scheme was extended to the PSUs like commercial and service sector organizations employing 100 or more persons. The organizations include hotels, hospitals, railway and road transport, post and telegraph offices, state electricity boards.

7. Shop councils:

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Government of India on the 30th of October 1975 announced a new scheme in WPM. In every Industrial establishment employing 500 or more workmen, the employer shall constitute a shop council. Shop council represents each department or a shop in a unit. Each shop council consists of an equal number of representatives from both employer and employees. The employers' representatives will be nominated by the management and must consist of persons within the establishment. The workers' representatives will be from among the workers of the department or shop concerned. The total number of employees may not exceed.

Functions of Shop Councils:

1. Assist management in achieving monthly production targets.
2. Improve production and efficiency, including elimination of wastage of man power.
3. Study absenteeism in the shop or department and recommend steps to reduce it.
4. Suggest health, safety and welfare measures to be adopted for smooth functioning of staff.
5. Look after physical conditions of working such as lighting, ventilation, noise and dust.
6. Ensure proper flow of adequate two way communication between management and workers.

Workers' Participation in Management in India:

Workers' participation in Management in India was given importance only after Independence. Industrial Disputes Act, 1947 was the first step in this direction, which recommended for the setting up of works committees. The joint management councils were established in 1950 which increased the labour participation in management. Since July 1975 the two-tier participation called shop councils at shop level and Joint councils were introduced. Workers' participation in Management Bill, 1990 was introduced in Parliament which provided scope for uplift of workers.

Reasons for failure of Workers participation Movement in India:

1. Employers resist the participation of workers in decision-making. This is because they feel that workers are not competent enough to take decisions.
2. Workers' representatives who participate in management have to perform the dual roles of workers' spokesman and a co-manager. Very few representatives are competent enough to assume the two incompatible roles.
3. Generally Trade Unions' leaders who represent workers are also active members of various political parties. While participating in management they tend to give priority to political interests rather than the workers' cause.
4. Schemes of workers' participation have been initiated and sponsored by the Government. However, there has been a lack of interest and initiative on the part of both the trade unions and employers.
5. In India, labour laws regulate virtually all terms and conditions of employment at the workplace. Workers do not feel the urge to participate in management, having an innate feeling that they are born to serve and not to rule.
6. The focus has always been on participation at the higher levels, lower levels have never been allowed to participate much in the decision-making in the organizations.
7. The unwillingness of the employer to share powers with the workers' representatives, the disinterest of the workers and the perfunctory attitude of the government towards participation in management act as stumbling blocks in the way of promotion of participative management.

Measures for making Participation effective:

1. Employer should adopt a progressive outlook. They should consider the industry as a joint endeavor in which workers have an equal say. Workers should be provided and enlightened about the benefits of their participation in the management.
2. Employers and workers should agree on the objectives of the industry. They should recognize and respect the rights of each other.
3. Workers and their representatives should be provided education and training in the philosophy and process of participative management. Workers should be made aware of the benefits of participative management.
4. There should be effective communication between workers and management and effective consultation of workers by the management in decisions that have an impact on them.
5. Participation should be a continuous process. To begin with, participation should start at the operating level of management.
6. A mutual co-operation and commitment to participation must be developed by both management and labour.

COLLECTIVE BARGAINING

Meaning and Concept:

Collective bargaining is a process of negotiating between management and workers represented by their representatives for determining mutually agreed terms and conditions of work which protect the interest of both workers and the management.

According to Dale Yoder, "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relationships in their employment".

According to Michael J. Jucious collective bargaining as "a process by which employers, on the one hand, and representatives of employees, on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services".

According to the Encyclopaedia of Social Sciences, "collective bargaining is a process of discussion and, negotiation between two parties, one or both of whom is a group of persons acting in concert. The resulting bargain is an understanding as to the terms and conditions under which a continuing. Service is to be performed. More specifically, collective bargaining is a procedure by which employers and a group of employees agree upon the conditions of work".

Characteristics of Collective Bargaining:

The characteristics of collective bargaining as observed from the analysis of the definitions of collective bargaining are:

1. It is a group or collective action as opposed to individual actions and is initiated through the representatives of employees.
2. It is flexible and not static.
3. It is a two way process. It is mutual give and take rather than just takes it method of arriving at a solution to a dispute. It is successful only when two parties participate in collective bargaining seriously and with an approach of give and take.

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4. It is a continuous process, which proves a mechanism for regular negotiations and discussions for a continuous sound relationship between labour and management. It facilitates to arrive at an amicable solution to the problems at all stages including the stage of strike and other forms of agitations.
5. It is dynamic and not static, as this concept is growing, expanding and changing in view of attitudes, opinions and perceptions of both the parties.
6. It ensures democracy at work-place.
7. It is not a competitive process but essentially a complementary process.
8. It is an art as it is an advanced form of understanding and maintaining human relations.
9. It is a voluntary process. Both workers and management voluntarily participate in the negotiations, discuss and arrive at a solution.
10. The unique feature of Collective bargaining is that usually the parties concerned start negotiations with entirely divergent interests and reach a middle point acceptable to both.

Essential Conditions for the Success of Collective Bargaining:

1. Constructive consultation between trade union and management is possible only when the bargaining power of two parties is relatively equal and is exercised with responsibility and discrimination.
2. Two parties of collective bargaining accept the principle of 'free consultation' and 'free enterprise' consistent with the advancement of public interest.
3. The willing acceptance by management is recognizing representative union for this purpose.
4. Both the parties must have mutual confidence, good faith and a desire to make collective bargaining machinery a success.
5. Management should not wait for the union to raise problems, but should make every reasonable effort not to provide them any opportunity to raise demands.
6. An emphasis upon a problem solving approach with de-emphasis upon excessive legalism.
7. Dispose of the issues in the same meeting and minimize the pending of items.
8. Desire of the management is settle the issues to the satisfaction of employees. This does not mean that management must relinquish its right to direct the company or that it must accede to all union demands.
9. Unions must understand the economic implications of collective bargaining and realize that union demands must be met from the income and resources of the organization.
10. Both the parties should respect the rights and responsibilities of each other.
11. The process of bargaining should be free from unfair practices.
12. Unanimity among workers: Before entering into negotiations, there must be unanimity among workers. At least the representatives of workers should be able to represent the opinion or demands of majority of workers.
13. The attitudes of the parties (involved) should be positive. Both the parties should reach the negotiating table with an intention to find better solutions.
14. The parties involved in collective bargaining should be prepared to give away something in order to gain something.
15. Both the parties to collective bargaining should observe and follow the terms and conditions of previous agreements that are reached. Collective Bargaining, being a continuous process, can be effective only with the successful implementation of previous agreements. Any lapse on the part of any party concerned shows its impact on present process.

16. The representatives of both the parties should fully understand and be clear about the problems and their implications.
17. The workers can make effective use of collective process to achieve participative management and good working conditions. They should not confine collective bargaining for mere monetary benefits.

Functions of Collective Bargaining:

Collective bargaining plays an important role in preventing industrial disputes, settling industrial disputes and maintaining industrial peace by performing the following functions:

1. Increase the economic strength of employees and management.
2. Establish uniform conditions of employment.
3. Secure a prompt and fair redressal of grievances.
4. Lay down fair rates of wages and other norms of working conditions.
5. Achieve an efficient functioning of the organization.
6. Promote the stability and prosperity of the company.
7. It provides a method of the regulation of the conditions of employment of those who are directly concerned about them.
8. It provides a solution to the problem of sickness in industry, and ensures old age pension benefits and other fringe benefits.
9. It creates new and varied procedures for the solution of the problems as and when they arise – problems which vex industrial relations; and its form can be adjusted to meet new situations.
10. It provides a flexible means for the adjustment of wages and employment conditions to economic and technological changes in the industry, as a result of which the changes for conflicts are reduced.
11. As a vehicle of industrial peace, collective bargaining has no equal. It is the most important and significant aspect of labour-management relations, and extends the democratic principle from the political to the industrial field.
12. It builds up a system of industrial jurisprudence by introducing civil rights in industry. In other words, it ensures that management is conducted by rules rather than by arbitrary decisions.

Collective Bargaining Process:

There are two stages in collective bargaining,

1. The Negotiation stage
2. The Contract Administration stage

(i) Negotiation

1. Identification of Problem:

The nature of the problem influences whole process. Whereas the problem is very important that is to be discussed immediately or it can be postponed for some other convenient time, whether the problem is minor that it can be solved with the other party's acceptance on its presentation and does not need to involve long process of collective bargaining process etc.

2. Preparing for Negotiations:

When it becomes necessary to solve the problem through collective bargaining process, both the parties prepare themselves for negotiations.

3. Negotiations of Agreement:

Usually there will be a chief negotiator who is from management side. He directs and presides over the process. The chief negotiator presents the problem, its intensity and nature and the views of both the parties. When the solution is reached at, it is put on the paper, taking concerned legislations into consideration. Both the parties concerned sign the agreement which, in turn, becomes a binding contract for both the parties.

(ii) Contract Administration

Implementation of the contract is as important as making a contract. Management usually distributes the printed contract, its terms and conditions throughout organization. The union takes steps to see that all the workers understand the contract and implement it. From time to time, depending upon changing circumstances, both the parties can make mutually acceptable amendments.

EMPLOYEE GRIEVANCE PROCEDURES

There is hardly an industrial concern which functions smoothly for all the times. In some companies, the employees have complaints against their employers, while in others, against other employees. These may be real or imaginary, valid or invalid, genuine or false. Broadly speaking, a complaint affecting one or more workers constitutes a grievance. It may relate to quantum of wages, the mode of payment, payment of overtime work, leave, working conditions, promotions, seniority, transfers, work assignments, dismissal or discharge, etc. Complaint is an employee's formal expression or dissatisfaction with various aspects of employment such as working conditions, hours of work, relationship with supervisor and other employees, considered by the employee to be inappropriate, harmful or unfair.

A grievance is an employee's formal expression of disagreement or dissatisfaction with the adverse personnel action involving alleged discrimination under the law, a decrease in salary, demotion and suspension without pay and/or discharge.

Meaning and Definition of Grievance:

A grievance is a sign of employee's discontent with job and its nature. The employee has got certain aspirations and expectations which he thinks must be fulfilled by the organisation where he is working. When the organisation fails to satisfy the employee needs, he develops a feeling of discontent or dissatisfaction. Thus, grievance is caused due to the difference between the employee expectation and management practices.

According to Keith Davis "any real or imagined feeling of personal injustice which an employee has concerning his employment relationship"

The International Labour Organisation defines grievance as "a complaint of one or more workers in respect of wages, allowances, conditions of work, and interpretation of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, work assignment and termination of services".

On analysis of these various definitions, it may be noted that:

1. A Grievance may be unvoiced or expressly stated by an employee.
2. It may be written or verbal
3. It may be valid and legitimate, untrue or completely false, or ridiculous; and
4. It may arise out of something connected with the organization or work.

Causes or sources of Grievances:

Generally employee's grievances may be due to the following:

(i) Grievance arising out of working conditions:

1. Poor physical circumstances of work environment.
2. Non-availability of appropriate tools and machines.
3. Failure to maintain good discipline.
4. Mismatch of worker with job.
5. Very high production targets.
6. Poor relationship with the supervisor.

(ii) Grievance arising from Management Policy:

1. Wage rates and method of wage payment.
2. Overtime and incentive schemes.
3. Seniority.
4. Transfers.
5. Promotion, Demotion and Discharge.
6. Penalties imposed for misconduct.
7. Leave.
8. Lack of opportunities for career development.

1. Grievances arising from Violation:

1. Violation of collective bargaining agreement.
2. Violation of company rules and regulations.
3. Violation of past practice.
4. Violation of Central and State Governments Laws.
5. Violation of Responsibilities of Management.

2. Grievance Handling Procedure:

A standardized grievance handling procedure consists of the following steps:

1. Employee gives written statement of Grievance.
2. Meeting is held and the employer informs the employee of the outcome.
3. Appeal, if necessary.

Essentials of Good Grievance Handling Procedure:

The basic principles or essentials of a sound grievance handling procedure are the following:

1. **Procedural Fairness:** The process of grievance handling should be fair and impartial. The grievant should be informed about the process and the implications of making a formal complaint before proceeding.
2. **Substantive Fairness:** The grievance handler should not assume guilt. They should determine that the complaint is substantiated only after hearing from both sides, checking other relevant evidences and taking into account any mitigating circumstances.
3. **Confidentiality:** A grievant should be able to raise a complaint and get advice in confidence.
4. **Timeliness:** Delays in any stage of the grievance handling procedure can result in a denial of procedural fairness.

5. **Record keeping:** It is also necessary to keep records about details of allegations, responses and actions.
6. **Transparency:** There must be sufficient scope for transparency in the effective implementation of policies and procedures.
7. **Openness, Honesty and Fair dealing:** Openness, honesty, fair and accurate reporting should be ensured.

INDUSTRIAL DISCIPLINARY SYSTEM

Discipline means getting obedience to rules and regulations of the organization. Discipline is absolutely essential for the smooth running of business.

Definition of Discipline:

According to Dr. Spriegel, "Discipline is the force that prompts an individual or a group to observe the rules, regulations and procedures which are deemed to be necessary to the attainment of an objective; it is force or fear of force which restrain an individual or a group from doing things which are deemed to be destructive of group objectives. It is also the exercise of restraint or the enforcement of penalties for the violation of group regulations." Thus discipline can be regarded as a force that requires employees to follow the rules and regulations of an organization considered vital for its efficient working. In brief, discipline is an employee's self control which motivates him to comply with the organization's goals and objectives.

Aspects of Discipline:

1. Negative Aspect

This aspect uses "fear" as a force to enforce discipline in the organization. If any employee or worker defies the rules and regulation strict punishment is levied on them. This is categorized as traditional concept of discipline.

2. Positive Discipline

Now a days the management of various organizations have adopted positive progressive outlook for disciplining the employees. With the ever increasing awareness among the workers concerning their rights and responsibility, it was required on the part of management to reconsider the negative approach of fear used by them so far.

Thus management emphasized on the concept of self – discipline. This approach of self control asserts on cooperative efforts of employees to abide by the rules of the organization. Thus positive aspect of discipline plays a much greater role in safeguarding industrial peace and prosperity.

Main Characteristics of Discipline:

The following are the main characteristics of Discipline can be summed up as follows:-

1. To guarantee successful fulfillment of organizational goals it motivates workers to abide by the instructions issued by the management or superiors.
2. It is a negative approach in the sense that it discourages employees in under taking some activities while encouraging undertaking the few others.
3. On Violation or disobedience of organization rules it imposes fine or reprimand, therefore, it is also called as punitive or big stick approach.

Aims and Objectives of Discipline:

The aims and objectives of discipline are as follows:-

1. For the achievement of organizational goals it tries to earn the willing approval of employees.
2. To introduce the component of uniformity and assurance despite the numerous organization.
3. For improving the quality of production by enhancing the morale and working efficiency of the employees.
4. To generate respect for human relations in the organization.
5. To confer and seek direction and responsibility.

Importance of Discipline in Industry:

Discipline acts as a cornerstone for the smooth functioning of any enterprise. Absence of discipline in any industry can create a great amount of commotion and confusion thereby decreasing its productivity. For any enterprise however big or small manpower is the most pivotal resource and thereby all efforts should be made to discipline them. All steps should be taken to encourage mutual trust and confidence between the workers and the management which is indispensable to bring about needed discipline at the workplace. Maintenance of discipline is a precondition for attaining the aims and purposes of the organization swiftly.

Indiscipline:

Disciplined employers will assist in creation of pleasant industrial environment which Indiscipline may be expressed as non – compliance to formal and informal rules and regulations of an organization. Indiscipline may prove to have detrimental effects on the morale and motivation of the employees as well as on the organization as a whole.

Factors Responsible for Indiscipline:

There are various socio-economic and cultural factors that play a role in creating indiscipline in an organization. The important among them are:

1. Unfair labour practices
2. Wage differentials
3. Wrong work assignments
4. Defective grievance procedure
5. Payment of very low wages
6. Poor communication
7. Victimization by management
8. Ineffective leadership.

Misconduct

An action or type of behaviour can be defined as misconduct if it is prejudicial to the interests of the employer and other employees, inconsistent with the norms set for discharging duties, unsafe or unfaithful to such a degree that it becomes incompatible to continue employer – employee relationships.

Categories of Misconduct:

Disciplinary acts of misconduct can be categorized on the basis of the severity of the consequences.

1. **Minor Contravention**– results in few serious consequences. Example – negligence,

minor disobedience to rules, carelessness.

2. **Major Contravention** – Partially hinders the working of the organization. Example – lying, cheating, stealing
3. **Intolerable Offences** – are of unlawful and severe nature which endanger employment relationship.
Example – threat to use weapon, use of drugs on the job, smoking near inflammables.

Misconduct Stated In Model Standing Orders:

Here is an illustrative list of acts constituting misconduct under Model Standing Orders Act, 1946.

1. Willful insubordination or disobedience of any lawful and reasonable order, rule or regulation.
2. Refusal to work on a job or a machine which has been assigned to him.
3. Refusal to accept or reply to a charge sheet within the prescribed period of time.
4. Theft, fraud, or dishonesty in connection with the property of the company.
5. Theft of another employee's property inside the industrial area or company premises.
6. Causing willful damage to, or loss of, the employer's goods or property.
7. Causing damage to a product in process or to any property.
8. Interference with, safety devices.
9. Non-observance of safety precautions and rules.
10. Taking or giving a bribe or any illegal gratification.
11. Acceptance of gifts from subordinates.
12. Habitual late coming.
13. Absence from duty without leave.
14. Overstay when on leave without prior authorized permission.
15. Entering or leaving, or attempting to enter or leave, the work premises except through authorized entrance and exits.

Causes and Approaches Towards Disciplinary Action Causes for Infringement of Discipline:

The main reasons for breach of discipline in any organization may be stated under following heads:

1. Causes Related To the Worker
2. Illiteracy and low intellectual level of workers.
3. Workers personal problems like their fears, hope, aspirations etc.
4. Inborn tendencies of workers to flout rules.
5. Causes Related To the Socio – Cultural Factors –
6. Misunderstanding and rivalry among workers.
7. Discrimination based on caste, colour, sex, place in imposing penalties.
8. Causes Related To the Work Environment –
9. Bad working conditions.
10. Defective supervision
11. Non-placement of right person on the right job.
12. Causes Related To the Management Practices –
13. Lack of clarity in rules & regulation as laid out by the top management.
14. Faulty performance appraisal systems leading to favoritism thereby generating indiscipline.
15. Absence of sympathetic and scientific management

Principles of Industrial Discipline

Industrial Discipline should be based on certain just and fair principles to be accepted by the employees. The basic Prerequisites or principles to be observed are:-

1. The very objectives of industrial discipline should be clearly laid out
2. The code of conduct should be framed with consultation & collaboration of the workers or their representatives.
3. The code of conduct must be communicated to all concerned in the organization.
4. The rules and regulation concerning the discipline should understandable by all.
5. The rules of conduct must able to settle the grievances if any arising during the period be of employment.
6. The approach of discipline policy should be preventive i.e. stress be laid on prevention of violation of discipline rather than on the administration of penalties.
7. The quantum of reprimand for each case of misconduct should be specified clearly in advance by publishing them in employee's handbook.
8. The enforcement authority must be specified.
9. Discipline policy should not discriminate against the employees; it should be uniform for all employees without favoring any one worker or employee.
10. A disciplinary committee in the advisory capacity be constituted to look into the matters of indiscipline and put forth the necessary suggestions.

Guidelines of a Disciplinary Action

Fixation of Responsibility:

The responsibility for sustaining discipline in the organization should be given to a responsible person, say personnel officer.

Proper Framing & Communication of Rules:

The rules and regulations should be cautiously and accurately formulated and published in employee handbooks.

Rules and Regulations Should be Reasonable:

The work standards set Should be attainable by the employees and the rules be modified at frequent intervals to suit the changing organizational circumstances.

Equal Treatment:

Rules and penalties should be applied equitably. Identical punishment should be granted for identical offences.

Prompt Action:

Care should be taken to make sure that the penalty is imposed soon after the violation of a rule has occurred.

Search for the Facts:

Before proceeding to take any action against an employee , provide him with sufficient time to present his side of the case i.e. What and why it Happened?

Natural Justice:

The punishment or penalty imposed on the indiscipline worker must satisfy the principle of natural justice. The punishment should always justify with the gravity of the offence.

Procedure for Disciplinary Action

The following steps should be taken care of while administering a disciplinary action:

1. Ascertaining the Statement of the Problem –

First look into the violation of rule and the number of employees involved in the matter. Then ascertain the gravity of the violation and the conditions under which it occurred.

2. Searching for the Underlying Facts –

This calls for thorough examination of the case together the relevant facts.

3. Deciding upon the Type of Penalty –

The penalty or punishment should be such which discourages future reoccurrence of the offence or violation. But it should always relate to the gravity of the offence.

4. Application of Penalty –

The selected penalty may be imposed on the wrong doers and if the offence is not of a serious nature then it may be disposed off quickly.

5. Follow-up on Disciplinary Action –

Vigilant supervision of the person against whom a disciplinary action is taken should be done.