



# Human Resources Management

## Introduction to HRM

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# Sources

- Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises.* NY: Routledge.
- Cascio, W. F. (2003). *Managing human resources: Productivity, quality of work life, profits.* New Delhi: Tata McGraw Hill.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7<sup>th</sup> Ed.).* New Delhi: PHI Ltd.
- Pande, S. & Basak, S. (2012). *Human resources management: Text and cases.* New Delhi: Pearson.

# Basic concepts

(Gomez-Mejia, Balkin & Cardy, 2012)

- Human resources (HR): “People who work in an organization”

Discuss whether the above should be called ‘personnel’ or ‘human resources’ and why?

- Manager: “A person who is in charge of others and is responsible for the timely and correct execution of actions that promote his or her unit’s success
- Line employee: “Employee involved directly in producing the company’s good(s) or delivering the service(s)”
- Staff employee: “An employee who supports line employees”

# Evolution of HRM

(Pande & Basak, 2012)

- 1800 BC: Minimum wage rate and incentive wage plan – Babylonian code of Hammurabi.
- 300 BC: Kautilya's Arthashastra
- India:
  - 1920s: interest in management as a discipline
  - 1931: Government intervening to protect the interests of workers through the appointment of labour welfare officers.
  - 1948: Factories Act: Appointment of labour welfare officers compulsory.
  - 1970s: Shift of focus from concern for the welfare of people to concern for the performance of organizations.
  - 1980: National Institute of Labour Management & Indian Institute of Personnel Management merged to form the National Institute of Personnel Management.
  - 1980s: Personnel management morphed into HR as new technologies came to be discussed to manage people and their differences.
- 1990: American Society of Personnel Management renamed itself as The Society of Human Resource Management.

# Defining HRM

(Pande & Basak, 2012)

- 50 years ago: “Personnel management aims to achieve both efficiency and justice. It seeks to bring together and develop into an effective organization the men and women who make up the enterprise, enabling each to make his own best contribution to its success. It seeks to provide fair terms and conditions of employment and satisfying work for those employed.”

# Personnel management & HRM

(Pande & Basak, 2012)

<b>Personnel Management</b>	<b>Human Resource Management</b>
Reactive, servicing role	Proactive, innovative role
Emphasis on implementation of procedures	Emphasis on strategy
Specialist department	General management activity
Focus on employees' need in their own right	Focus on employees' requirements in the light of business needs
Employees seen as a cost to be controlled	Employees seen as an investment to be nurtured as well as a cost to be controlled
Presumption of union manager conflicts	Conflicts dealt with by team members within their teams
Preference for collective bargaining of pay and working conditions	Management led planning of people resources & employment conditions

# Personnel management & HRM

(Pande & Basak, 2012)

<b>Personnel Management</b>	<b>Human Resource Management</b>
Emphasis on settling pay more in terms of the organization's internal market	Emphasis on competitive pay and conditions to stay ahead of competitors
Serving other departments/ units	Contributing 'added value' to business
Supporting change	Stimulating change
Challenging business goals in the light of effect on employees	Total commitment to business goals
Less flexible approach to staff deployments	Completely flexible approach to staff deployment

# The HRM System

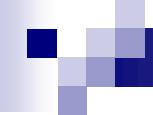
(Cascio, 2003)

- Staffing
  - Identifying work requirements within an organization
  - Determining the numbers of people and the skills mix necessary to do the work
  - Recruiting selecting and promoting qualified candidates
- Retention
  - Rewarding employees for performing their jobs effectively
  - Ensuring harmonious working relations between employees and managers
  - Maintaining a safe, healthy work environment
- Development: To preserve and enhance employees' competence in their jobs by improving their knowledge, skills, abilities, and other characteristics (Competencies)
- Adjustment: Activities intended to maintain compliance with the organization's HR policies (e.g. discipline) and business strategies)
- Managing change: Ongoing process whose objective is to enhance the ability of an organization to anticipate and respond to developments in its external and internal environments, and to enable employees at all levels to cope with the changes

# Responsibilities of HR Department

(Cascio, 2003)

Activity	Responsibility of HR Department
<u>Staffing</u>	Job analysis, human resource planning, recruitment, compliance with civil rights laws and regulations, application blanks, written tests, performance tests, interviews, background investigations, reference checks, physical examinations
<u>Retention</u>	Compensation and benefits, employee relations, health and safety, employee services
<u>Development</u>	Development of legally sound performance management systems, morale surveys, technical training, management and organizational development, career planning, counseling, HR research
<u>Adjustment</u>	Investigation of employee complaints, outplacement services, retirement counselling
<u>Managing change</u>	Provide expertise to facilitate the overall process of managing change



# Challenges of HRM

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Environmental challenges: “Forces external to the firm”

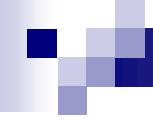
### □ Rapid change

- New company townships
- Dealing with stress

### □ Rise of the Internet

- Necessitating better written communication skills
- Dealing with information overflow
- Breaking down labor market barriers – workers & companies know where to get what they need
- Using online learning
- Enabling HR to focus on management

### □ Workforce diversity



# Challenges of HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

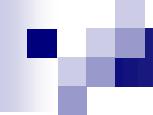
## ■ Environmental challenges (Contd.)

### □ Globalization

- Worldwide company culture
- Worldwide recruiting
- Industrial metamorphosis
- Global alliances
- A virtual workforce
- The global enterprise
- Wage competition

### □ Legislation

- Evolving work and family roles: Dual career families, changing family structure, etc.
- Skill shortages & rise of the service sector
- Natural disasters



# Challenges of HRM (Contd.)

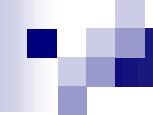
(Gomez-Mejia, Balkin & Cardy, 2012)

- Organizational challenges: “Concerns or problems internal to a firm”
  - Competitive position: Cost, quality, or distinctive capabilities
    - Controlling costs
    - Improving quality
    - Creating distinctive capabilities
  - Decentralization
  - Downsizing
  - Organizational restructuring
  - Self managed work teams
  - Growth of small businesses

# Challenges of HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- Organizational challenges (Contd.):
  - Organizational culture: “Basic assumptions and beliefs shared by members of an organization”
    - “Observed behavioral regularities
    - Norms
    - Dominant values espoused by an organization
    - Philosophy that guides organization’s policy
    - Rules of the game
    - Feeling or climate
  - Technology
    - Rise of telecommuting
    - Ethics of proper data use
    - Electronic monitoring
    - Medical testing
    - Increase in egalitarianism



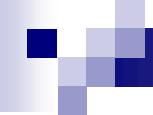
# Challenges of HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Organizational challenges (Contd.)

- Internal security
- Data security
- Outsourcing
- Product integrity

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# Challenges of HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

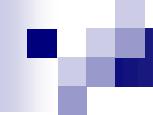
## ■ Individual challenges:

- Matching people and organizations
- Ethics and social responsibility
- Productivity
- Employee ability
- Motivation
- Empowerment
- Brain drain
- Job insecurity

# Responses of firms to the new competitive realities

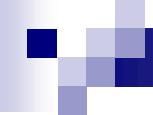
(Cascio, 2003)

- Smaller companies that employ fewer people
- The shift from vertically integrated hierarchies to networks of specialists
- Technicians, ranging from computer repair specialists to radiation therapists, replacing manufacturing operatives as the worker elite.
- Pay tied less to a person's position or tenure in an organization and more to the market value of his or her skills
- A change in the paradigm of doing business from making a product to providing a service, often by part-time or temporary employees
- Outsourcing of activities that are not core competencies of a firm (e.g. Payroll, or Collections, or downsizing – movie Up in the air)
- Redefinition of work itself: Constant learning, more higher order thinking, less nine to five mentality



## Responses of firms to the new competitive realities (Contd.) (Cascio, 2003)

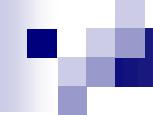
- New forms of organization: Virtual, offshoring, telecommuting
- Restructuring, including downsizing
- Total quality management
- Reengineering: Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality and speed.
- Flexibility



# Why does effective HRM matter?

(Cascio, 2003)

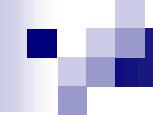
- Personnel selection
- Job design
- Information sharing
- Performance appraisal
- Promotion systems
- Attitude assessment
- Incentive systems
- Grievance procedures
- Labour management participation



# HR managers try to answer the following questions

(Cascio, 2003)

- Who specifies the content of each job?
- Who decides how many jobs are necessary?
- How are the interrelationships among jobs determined and communicated?
- Has anyone looked at the number, design and content of jobs from the perspective of the entire organization? What is the big picture?
- What should training programs stress?
- How should performance on each job be measured?
- How much is each job worth?

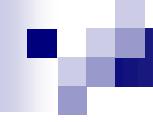


# Planning and implementing strategic HR policies

(Gomez-Mejia, Balkin & Cardy, 2012)

Strategic HR planning: “Process of formulating HR strategies & establishing programs or tactics to implement them.”

- Benefits:
  - Encouragement of proactive rather than reactive behavior
  - Explicit communication of company goals
  - Stimulation of critical thinking and ongoing examination of assumptions
  - Identification of gaps between current situation and future vision
  - Encouragement of line managers’ participation
  - Identification of HR constraints and opportunities
  - Creation of common bonds



# Challenges of strategic HR planning

(Gomez-Mejia, Balkin & Cardy, 2012)

- Maintaining a competitive advantage
- Reinforcing overall business strategy
- Avoiding excessive concentration on day to day problems
- Developing HR strategies suited to unique organizational features
- Coping with the environment
- Securing management commitment
- Translating the strategic plan into action
- Combining intended and emergent strategies
- Accommodating change

# Strategic HR Choices

(Gomez-Mejia, Balkin & Cardy, 2012)

Strategic HR choices: Options it has available in designing its HR system

- Work flows:

- Efficiency/ innovation
  - Control/ flexibility
  - Explicit/ broad job descriptions
  - Detailed/ loose work planning

- Staffing:

- Promoting from within/ hiring from outside
  - Empowering immediate supervisors/ centralizing decisions in HR dept
  - Emphasizing good fit between applicant/ hiring most knowledgeable applicant regardless of interpersonal considerations
  - Hiring new workers informally/ formal & systematic hiring

# Strategic HR Choices (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Employee separations

- Voluntary inducements (e.g.VRS)/ layoffs
- Hiring freeze/ recruiting as needed
- Continued support to separated employees/ leaving them to fend for themselves
- Committing to rehiring laid off employees / fresh unbiased recruitment if circumstances permit

## ■ Performance appraisal

- Customised/ standardized appraisal system
- Appraisal data as developmental tool/ control mechanism
- Designing appraisal system with multiple objectives/ narrow purpose
- Appraisal system with active participation/ only inputs from employees

# Strategic HR Choices (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- Training and career development
  - Individual/ group training
  - Training on the job/ by external agencies
  - Job specific/ generic training
  - Hiring external experts at a higher wage/ training own employees to become experts
- Compensation
  - Fixed salary and benefits/ variable compensation
  - Compensation based on position/ individual contribution
  - Rewarding for length of service/ performance
  - Centralizing pay decisions/ empowering supervisors to make pay decisions

# Strategic HR Choices (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Employee & labor relations

- Top-down communication/ bottom-up feedback
- Avoiding or suppressing/ dealing with unions
- Adversarial approach/ responding to employee needs

## ■ Employee rights

- Discipline/ proactive encouragement for appropriate behavior
- Employer's / employee's interest
- Informal/ explicit standards and procedures for ethical behavior

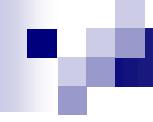


# Strategic HR Choices (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ International management

- Creating common company culture to reduce inter-country cultural differences/ expecting foreign subsidiaries to adapt to local culture
- Sending expats to / hiring locals in foreign country offices
- Repatriation agreement with/ no commitment to or from employees on foreign assignments
- Centralized/ decentralized company policies for multi-country operations



# Selecting HR strategies to increase firm performance

(Gomez-Mejia, Balkin & Cardy, 2012)

- “The better the match between the HR strategy & the firm’s overall organizational strategies
- The more the HR strategy is attuned to the environment in which the firm is operating
- The more closely the HR strategy is moulded to unique organizational features
- The better the HR strategy enables the firm to capitalize on its distinctive competencies
- The more the HR strategies are mutually consistent or reinforce one another”
- And eventually, the better the firm performance

*Thank You*



# Human Resources Management

## Job Analysis & Design

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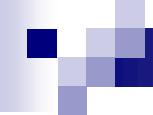
# Basic concepts

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# HR managers try to answer the following questions

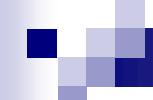
(Cascio, 2003)

- Who specifies the content of each job?
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- How are the interrelationships among jobs determined and communicated?
- Has anyone looked at the number, design and content of jobs from the perspective of the entire organization? What is the big picture?
- What should training programs stress?
- How should performance on each job be measured?
- How much is each job worth?

# Basic Concepts

(Cascio, 2003; Gomez-Mejia, Balkin & Cardy, 2012)

- Business processes: “Value adding, value creating activities such as product development, customer service, & order fulfilment”
- Business process re-engineering: “Fundamental re-thinking & radical re-design of business processes to achieve dramatic improvements in cost, quality, service, & speed.”
- Job design: “The process of organizing work into the tasks required to perform a specific job”
- Job analysis: The process of obtaining information about jobs
- Job description: An overall written summary of task requirements
- Job specification: An overall written summary of worker requirements
- Work flow: “The way we work is organized to meet the organization’s production or service goals.”
- Work flow analysis: “Examin[ation of] how work creates or adds value to the ongoing business processes”

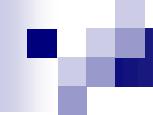


# Why study job requirements?

(Cascio, 2003)

- Organizational structure and design
- Human resource planning
- Job evaluation and compensation
- Recruitment
- Selection
- Placement
- Orientation, training, and development
- Performance appraisal
- Career path planning
- Labor relations
- Engineering design and methods improvement
- Job design
- Safety
- Vocational guidance and rehabilitation counseling
- Job classification systems

NPTEL



# Types of organizational structure

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Bureaucratic organizational structure:

- Top down management approach
- Many levels of management
- Hierarchical career paths within one function
- Highly specialized jobs
- Narrowly specified job descriptions
- Rigid boundaries between jobs & units
- Employees or individuals working independently

# Types of organizational structure (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Flat:

- Decentralized management approach
- Few levels of management
- Horizontal career paths that cross functions
- Broadly defined jobs
- General job descriptions
- Flexible boundaries between jobs and units
- Emphasis on teams
- Strong focus on the customer

## ■ Boundaryless

- Joint ventures with customers, suppliers & competitors
- Emphasis on teams whose members may cross organizational boundaries



# Process based organizations

(Cascio, 2003)

- A process is a collection of activities (such as procurement, order fulfillment, product development, or credit issuance), that takes one or more kinds of input and creates an output that is of value to a customer.
- Priorities of a process based organization:
  - Identification of job specifications (i.e. The personal characteristics – knowledge, skills, abilities, and other characteristics – necessary to do the work)
  - Identification of the environment, context, and social aspects of work
  - A change in emphasis, from describing jobs to describing roles

# Job characteristics theory

(Gomez-mejia, Balkin & Cardy, 2012)

“States that employees will be more motivated to work and more satisfied with their jobs to the extent that jobs contain certain core characteristics, as these will lead to psychological states that will further lead to specific work outcomes.”

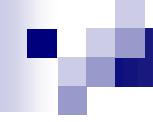
## ■ Core job characteristics:

- Skill variety: Degree to which a job requires a person to do different things
- Task identity: Degree to which a person can do the job from beginning to end with a visible outcome
- Task significance: Degree to which the job has a significant impact on others – inside & outside
- Autonomy: Amount of freedom, independence, & discretion the employee has in areas such as scheduling the work, making decision, & determining how to do the job”
- Feedback: Degree to which the job provides the employee with clear & direct information about job outcomes & performance”<sup>38</sup>

# Job characteristics theory (Contd.)

(Gomez-mejia, Balkin & Cardy, 2012)

- Physiological state affected by job characteristics
  - Experienced meaningfulness: Extent to which the employee experiences the work as important, valuable, & worthwhile
  - Experienced responsibility: Degree to which the employee feels personally responsible or accountable for the results of the work
  - Knowledge of results
- Personal & work outcomes:
  - High internal work motivation
  - High quality work performance
  - High satisfaction with the work
  - Low turnover & absenteeism
- Link between core job characteristics & outcomes – Strength of relationships which is determined by intensity of employee growth need, which thrives on & affects feedback & commitment of employees to their teams & organization



# Characteristics of jobs (Cascio, 2003)

- Dynamic characteristics
  - Time
  - People
  - Environment and context
- Job specifications and people requirements
  - Minimally acceptable qualifications and skills
  - Ideal qualifications and skills

# Legal Issues: India

- Religious minorities and the Indian Constitution  
(<https://www.nls.ac.in/csseip/Files/Material%20for%20Uploading/Minorities.pdf>)
- The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995  
(<http://socialjustice.nic.in/pwdact1995.php>)
- National Commission for Backward Classes Act, 1993  
(<http://socialjustice.nic.in/pdf/ncbcact1993.pdf>)
- National Commission for Backward Classes Rules, 1994 (<http://socialjustice.nic.in/ncbcrules94.php>),

# How do we study job requirements

(Cascio, 2003)

- Job performance: Actual experience on the job
- Observation: Physical first hand observation of people at work
- Interview: Descriptions of workers
- Critical incidents: Reports of significant incidents highlighting effective and ineffective worker behaviors
- Structured questionnaires: Job oriented. e.g. Position Analysis Questionnaire – 194 items in following categories
  - Information input
  - Mental processes
  - Work output
  - Relationships with other persons
  - Job context
  - Other job characteristics

# Designing jobs

(Gomez-mejia, Balkin & Cardy, 2012)

- Job design: “The process of organizing work into the tasks required to perform a specific job”
  - Influences:
    - Work flow analysis
    - Business strategy
    - Organizational structure

# Approaches to job design

(Gomez-mejia, Balkin & Cardy, 2012)

- Work simplification: “Assumes that work can be broken down into complete, repetitive tasks that maximise efficiency”
- Work elimination: Combining tasks or eliminating parts of tasks that one can do without
- Job enlargement: Expansion of a job’s duties
- Job rotation: “Rota[tion] of workers among different narrowly defined tasks without disrupting the flow of work”
- Job enrichment: “Puts specialized tasks back together so that one person is responsible for producing a whole product or an entire service”
- Team based job designs: “Focus on giving a team, rather than an individual, a whole and meaningful piece of work to do. Team members are empowered to decide among themselves how to accomplish the work.”

# Job analysis

(Gomez-mejia, Balkin & Cardy, 2012)

- “*Task*: Basic element of work that is a logical and necessary step in performing a job duty
- *Duty* consists of one or more tasks that constitute a significant activity performed in a job
- *Responsibility* is one or several duties that identify and describe the major purpose or reason for the job’s existence.”

# Methods of gathering job information

(Gomez-Mejia, Balkin & Cardy, 2012)

- Interviews
- Observation
- Diaries
- Questionnaires
- Internet-based data collection

# Why analyze jobs?

(Gomez-Mejia, Balkin & Cardy, 2012)

- Recruitment
- Selection
- Performance appraisal
- Compensation
- Training & career development

# Techniques of job analysis

(Gomez-Mejia, Balkin & cardy, 2012)

- Task Inventory Analysis: “Used to determine knowledge, skills, and abilities (KSAs)”

*Steps:*

- Interview
- Survey
- Generation of a task by the KSA matrix

e.g. <http://nau.edu/human-resources/management-resources/hiring-selection/applicant-evaluation/sample-matrices/>

- Critical Incident Technique: “Supervisors & workers generate behavioral incidents of job performance.

*Steps:*

- Generate dimensions
- Generate incidents
- Retranslate
- Assign effectiveness values

# Techniques of job analysis (Contd.)

(Gomez-Mejia, Balkin & cardy, 2012)

- Position Analysis Questionnaire (PAQ): “Seeks to determine the degree to which different items or job elements, are involved in performing a particular job.” 194 items in six sections:
  - *Information input*: Where & how a worker gets information needed to perform the job
  - *Mental processes*: Reasoning, decision-making, planning, & information-processing activities involved in performing the job
  - *Work output*: Physical activities, tools, & devices used by the worker to perform the job
  - *Relationships with other persons*
  - *Job context*
  - *Other characteristics*
- Functional Job Analysis (FJA):
  - What the job incumbent does to people, data, & things
  - Methods & techniques the job incumbent uses to perform the job
  - Machines, tools & equipment used by the job incumbent
  - Materials, projects, or services produced by the job incumbent

# Advantages & Disadvantages of Job Analysis Methods

(Cascio, 2003)

<u>Method</u>	<u>Advantages</u>	<u>Disadvantages</u>
Job performance	Exposure to actual job tasks, physical, environmental, & social demands of job. Appropriate for hands on jobs that can be learnt quickly.	Inappropriate for jobs that require extensive training or are hazardous to perform
Observation	Direct exposure can provide a richer, deeper understanding of job requirements than second hand information through peers.	Not suitable for jobs that require critical thinking and analysis.
Interviews	Information about standard & nonstandard & mental work. Personal reports about work that can't be observed or documented.	Lack of faith in the interviewer can lead to distortion/ falsification of information.
Critical incidents	Insight into job dynamics. Info can be used for job analysis.	Time consuming (gathering, summarizing & categorizing incidents).
Structured questionnaire	Cheap, quick, easy, can be done off work, mass administration, quantifiable, analyzable.	Difficult to develop, explanations may be required, impersonal.

# O\*Net Content Model

<http://www.onetonline.org/>

[http://www.onetcenter.org/dl\\_files/ContentModel\\_Summary.pdf](http://www.onetcenter.org/dl_files/ContentModel_Summary.pdf)

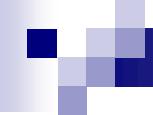
[http://www.onetcenter.org/dl\\_files/ContentModel\\_Detailed.pdf](http://www.onetcenter.org/dl_files/ContentModel_Detailed.pdf)

[http://www.onetcenter.org/dl\\_files/ContentModel\\_DetailedDesc.pdf](http://www.onetcenter.org/dl_files/ContentModel_DetailedDesc.pdf)

# Relationship of job analysis to workforce planning

(Cascio, 2003)

- Types of plans
  - Strategic: Plan about changing industry rules or creating tomorrow's industries
    - Defining philosophy
    - Formulating statements of identity, purpose and objectives
    - Evaluating strengths, weaknesses, and competitive dynamics
    - Determining design
    - Developing strategies
    - Devising programs
  - Tactical/ Operational planning: Addresses issues associated with the growth of current or new operations as well as with any specific problems that might disrupt the pace of planned growth
  - Workforce planning: Focuses on questions such as
    - What do the proposed business strategies imply with respect to human resources?
    - What kinds of internal and external constraints will (or do) we face?



# Foundations for workforce planning

(Cascio, 2003)

- What level will the wage rate for an occupation be?
- How many people will be employed?
- How much more will the firm have to pay to attract more employees?
- How would the number of people the company employs change if the wage were lower?

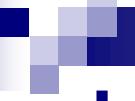
# Activities comprising a workforce planning system

(Cascio, 2003)

- Talent inventory
- Workforce forecast
- Action plans
- Control and evaluation

# Talent inventories (TI) (Cascio, 2003)

- TI facilitates assessment of the current workforce
- Forecasts of workforce supply and demand help to determine future needs
- Typical information included on a TI
  - Current position info
  - Previous positions in the company
  - Other significant work experience
  - Education (Degrees, licences etc.)
  - Language skills and relevant international experience
  - Training and development programs attended
  - Community or industry leadership responsibilities
  - Current and past performance appraisal data
  - Disciplinary actions (when specifically required)
  - Awards received



# Uses of a talent inventory

(Cascio, 2003)

- Identification of candidates for promotion
- Management succession planning
- Assignment to special projects
- Transfers
- Training
- Workforce diversity planning and reporting
- Compensation planning
- Career planning
- Organizational analysis

# Workforce forecasts

(Cascio, 2003)

- Estimate labor requirements at some time in future
    - External: Depends on the external business environment
    - Internal: Succession plan: Includes setting a planning horizon, identifying replacement candidates for each key position, assessing current performance and readiness for promotion, identifying career development needs, and integrating the career goals of individuals with company goals
  - Types
    - External and internal supply of labor
    - Aggregate external and internal demand for labor
- \* Internal supply forecasts relate to conditions inside the organization, such as the wage distribution of the workforce, terminations, retirements, and new hires within job classes.

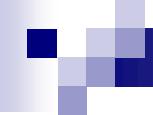


# Concerns Regarding Job Analysis

(Gomez-Mejia, Balkin & Cardy, 2012)

- Legal compliance
- Organizational flexibility

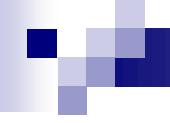
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# Guidelines for conducting a job analysis

(Gomez-Mejia, Balkin & Cardy, 2012)

- Determine the desired applications of the job analysis
- Select the jobs to be analyzed
- Gather the job information
- Verify the accuracy of the job information
- Document the job analysis by writing a job description



# Job Descriptions

(Gomez-Mejia, Balkin & Cardy, 2012)

*“Job description is a summary statement of the information collected in the job-analysis process.”*

## Elements of a job description

- Make sure the job titles do not refer to a specific gender
- Make sure job descriptions are updated regularly so that the date on the job description is current.
- Avoid inflating a job title to give the job a more impressive-sounding status than it deserves
- Ensure that the supervisor of the job incumbent(s) verifies the job description.

*“Job summary is a short statement that summarizes the job’s duties, responsibilities, and place in the organizational structure.”*

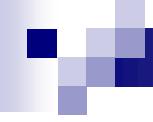
# Job Descriptions (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- “*Job duties & responsibilities* explain what is done on the job, how it is done, and why it is done.”
- “*Job specifications* section lists the worker characteristics (KSAs) needed to perform a job successfully.
- “*Minimum qualifications* are the basic standards a job applicant must have achieved to be considered for the job.”

## Caution:

- A college degree should be a minimum qualification only if it is related to the successful performance of the job
- Work experience qualifications should be carefully specified so that they do not discriminate against a specific gender, minorities or persons with disabilities, etc.



# The Flexible Workforce

(Gomez-Mejia, Balkin & Cardy, 2012)

- Core Workers: Have full time jobs & enjoy special benefits/ privileges
- Contingent Workers: Hired as per need and convenience; Are usually not paid as well as core workers; Do not usually get special benefits/ privileges
  - Temporary
  - Part-time
  - Outsourced/ subcontracted: Employees transfer routine or peripheral work to another organization that specializes in that work & can perform it more efficiently.
    - Local
    - Offshore
  - Contract workers



# Flexible work schedules

(Gomez-Mejia, Balkin & Cardy, 2012)

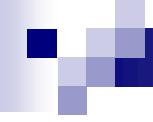
- Flexible work hours: “Divide core schedules into core time, when all employees are expected to be at work, and flexible time (flexitime), when employees can choose to organize work around personal activities.”
- Compressed workweeks: “Alter the number of workdays per week increasing the length of the work day to 10 or more hours”, & adjust the number of hours accordingly
- Telecommuting: Working location not specified/ flexible

# Forecasting workforce demand

(Cascio, 2003)

## ■ Factors affecting the forecasting of workforce demand

- Changes in technology
- Consumer attitudes and patterns of buying behavior
- Local, national, and international economies
- Number, size, and types of contracts won or lost
- Government regulations that might open new markets or close off old ones
- ...



# Selection Methods

(Briscoe, Schuler & Claus, 2009)

- Interviews (international assignee and spouse/ partner)
- Formal assessment
- Committee decision
- Career planning
- Self-selection
- Internal job posting and individual bid
- Recommendations
- Assessment centers

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*Thank You*

TEL



# Human Resources Management

## Employee Testing & Selection

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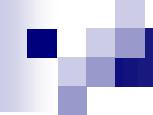
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# Basic Concepts

(Cascio, 2003; Gomez-Mejia, Balkin & Cardy, 2012)

- Business processes: “Value adding, value creating activities such as product development, customer service, & order fulfilment”
- Business process re-engineering: “Fundamental re-thinking & radical re-design of business processes to achieve dramatic improvements in cost, quality, service, & speed.”
- Job design: “The process of organizing work into the tasks required to perform a specific job”
- Job analysis: The process of obtaining information about jobs
- Job description: An overall written summary of task requirements
- Job specification: An overall written summary of worker requirements
- Work flow: “The way we work is organized to meet the organization’s production or service goals.”
- Work flow analysis: “Examin[ation of] how work creates or adds value to the ongoing business processes”



# The hiring process

(Gomez-Mejia, Balkin & Cardy, 2012)

- Recruitment: Process of generating a pool of candidates
- Selection: Deciding who from this pool of candidates would be the best fit and who may not be suitable

# Recruitment

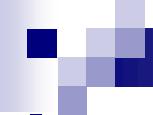
(Cascio, 2003)

- Specifying human resource requirements (numbers, skills mix, levels, time frame)
- Initial screening: Rapid, rough selection
- Selection process: Interview, tests etc.
- Orientation (in the case of junior management)
- Placement: Assignment of specific job (in the case of senior management, orientation occurs after placement)
- Performance appraisal usually leading to confirmation or termination

# Developing recruitment policies: Labor market issues

(Cascio, 2003)

- Labor market: Geographical area within which the forces of supply interact with the forces of demand
- Loose labor market: Supply of labor more than demand
- Factors affecting or defining limits of a labor market:
  - Geography
  - Education and/ or technical background required to perform a job
  - Industry
  - Licensing or certification requirements
  - Union membership



# Internal vs. external labor markets

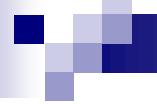
(Cascio, 2003)

- External labor markets: labor market outside the organization, i.e. the jobs are open to people from within and outside the organization
- Internal labor market: Jobs are open only to people within the organization

# Sources of recruiting

(Gomez-Mejia, Balkin & Cardy, 2012)

- Current employees
- Referrals from current employees
- Former employees
- Former armed forces personnel
- Customers
- Print & radio/ television advertisements
- Advertising through the Internet (Career websites, social media sites, etc.)
- Employment agencies
- Temporary workers
- College recruiting
- Non-traditional recruiting – prisoners, welfare recipients, senior citizens, workers from foreign countries, e.g. Sheroes – café in Agra that recruits only victims of acid attacks (<http://www.livemint.com/Politics/F3tFIPfsE4JjNMtsfE3FGP/Rebuilding-a-life-after-an-acid-attack.html>)



# Evaluation hiring

(Gomez-Mejia, Balkin & Cardy, 2012)

Hiring workers for a trial period of 90 days, then deciding whether they should be retained or not

## ■ Benefits:

- Staffing firm handles recruitment & pays salary & benefits
- Company can make a better determination of who will best fit in an organization than with just an interview & test
- Tryout period helps employers avoid making bad hiring decisions

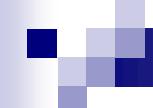
## ■ Ethical issues:

- Is the uncertainty about job permanence fair?
- Should the trial period be longer/ shorter?
- Comparison with temporary hiring

# Workforce utilization

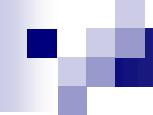
(Cascio, 2003)

- A way of identifying whether or not the composition of the workforce – measured by race and sex – employed in a particular job category in a particular firm is representative of the composition of the entire labor market available to perform that job



# The process of recruitment (Cascio, 2003)

- Recruitment pipeline: Time between the receipt of a résumé and the time a new hire starts work
- Internal recruitment:
  - Job posting
  - Employee referrals
  - Temporary worker pools: e.g. homeguards
- External recruitment
  - University relations
  - Executive search firms
  - Employment agencies
  - Recruitment advertising



# Diversity oriented recruitment (Cascio, 2003)

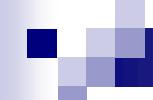
- Gender and cultural diversity essential among:
  - Recruiters
  - Public faces of the organization
  - Advertisements

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# Managing recruitment operations

(Cascio, 2003)

- Re-engineered recruitment in the information age – Using technology to screen résumés
- Evaluation and control of recruitment operations
  - Cost of operations, i.e., labor costs of company recruitment staff, operational costs (e.g., recruiting staff's travel and living expenses, agency fees, advertising expenses, brochures, supplies, and postage)
  - Cost per hire, by source
  - Number and quality of résumés by source
  - Acceptance offer/ ration
  - Analysis of post-visit and rejection questionnaires
  - Salary offered – acceptances versus rejections
- Realistic Job Previews (RJP): Requires that, in addition to telling applicants about the nice things a job has to offer, recruiters must also tell applicants about the unpleasant aspects of the job. Benefits – Improvement in retention rates, more organizational involvement,<sub>79</sub> more trust in the organization

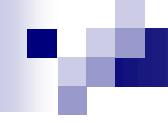


# The other side of recruitment: Job search

(Cascio, 2003)

- Scenario 1: Unemployed
- Scenario 2: Employed but searching for a new job

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# Challenges in the hiring process

(Gomez-Mejia, Balkin & Cardy, 2012)

- Turnover costs
  - Separation: Exit interview, paperwork processing
  - Recruitment: Advertising, recruiter fees
  - Selection: Pre-employment testing
  - Hiring: Orientation, training
  - Productivity: Vacancy cost, disruption
- Determining characteristics important to performance
- Measuring characteristics that determine performance
- Motivation factor
- Who should make the decision?

# Staffing

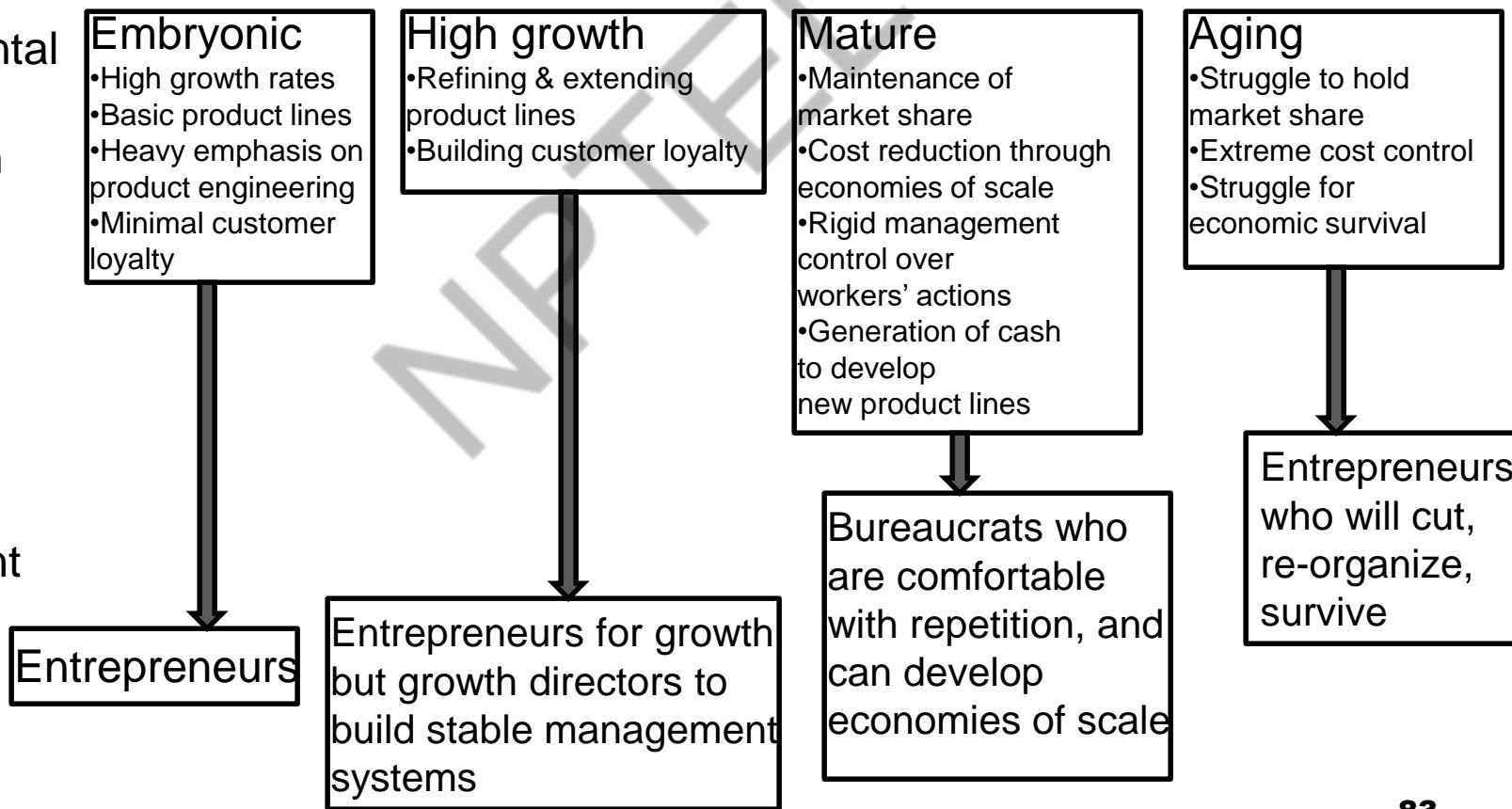
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# Organizational considerations in staffing decisions

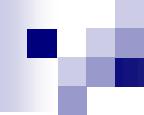
(Cascio, 2003)

## ■ Business strategy:

Developmental  
Stage of  
organization



Management  
Selection  
Strategy



# Organizational considerations in staffing decisions (Contd.)

(Cascio, 2003)

## ■ Organizational culture:

### □ Transmitted through:

- Formal statements of organizational philosophy and materials used for recruitment, selection, & socialization of new employees
- Promotion criteria
- Stories, legends, and myths about key people & events
- What leaders pay attention to, measure, and control
- Implicit & possibly unconscious criteria that leaders use to determine who fits key slots in the organization

### □ Implications:

- Important consideration for prospective employees
- If consistent with the values, beliefs, and attitudes of employees, can lead to high productivity and satisfaction among employees



# Organizational considerations in staffing decisions (Contd.)

(Cascio, 2003)

- Logic of personnel selection
- Reliability and validity of measurement while predicting the relative level of job performance

# Screening and selection methods (Cascio, 2003)

## ■ Employment application forms:

Should not contain the following:

- Questions that might lead to an adverse impact on the employment of members of groups protected under civil rights law
- Questions that cannot be demonstrated to be job related or that do not concern a bona fide occupational qualification
- Questions that could possibly constitute an invasion of privacy



# Screening and selection methods (Contd.)

(Cascio, 2003)

## ■ Recommendations and reference checks

□ Provide information about:

- Education & employment history
- Character & interpersonal competence
- Ability to perform the job
- Willingness of the past or current employer to re-hire the applicant

□ Meaningful only if the referee

- Has had an adequate opportunity to observe the applicant in job-related situations
- Is competent to evaluate the applicant's job performance
- Can express such an evaluation in a way that is meaningful to the prospective employer, and
- Is completely candid

# Recommendations & reference checks

## (Contd.) (Cascio, 2003)

- Guidelines for writing letters of recommendation:
  - Indicate degree of familiarity with the candidate in terms of time known and time observed
  - Indicate degree of referee familiarity with the job in question
  - Indicate specific examples of performance
  - Indicate comparison with other individuals and groups who might be applying for the position
- Guidelines for seeking information through letters of reference
  - Request job-related information only
  - Obtain candidate's written permission to check references prior to doing so
  - Stay away from subjective areas like the candidate's personality
  - Evaluate the credibility of the source of the reference material
  - Wherever possible, use public records to evaluate on-the-job behavior or personal conduct
  - Stay within the purview of the law governing seeking of personal information

# Recommendations & reference checks

## (Contd.) (Cascio, 2003)

- Guidelines for providing reference information
  - Obtain written consent from the employee prior to providing reference data
  - Do not blacklist former employees
  - Keep a written record of all released information
  - Make no subjective statements. Provide specific information where necessary.
  - Do not provide any information esp. negative information that cannot be backed by official records
  - If you are contacted by phone, get the phone number and call people back to give them the information they seek, as far as possible after checking with the candidate
  - Release only the following general types of information: Dates of employment, job titles and duration, promotions, demotions, attendance record, salary, & officially cited reason for termination/employee resigning from present job



# Screening and selection methods (Contd.)

(Cascio, 2003)

## ■ Tests and inventories

### □ Physical tests

- Tests of physical fitness
- Drug testing

### □ Procedures for testing

- Inform all candidates in writing of the company's policies regarding fitness standards and drug use
- Include the policy, and the possibility of testing, in all employment contracts
- Present the program in a medical & safety context
- Check the testing laboratory's experience, its analytical methods, & the way it protects the security & identity of each sample
- Ensure uniformity of testing

# Screening and selection methods (Contd.)

(Cascio, 2003)

## ■ Controversial selection techniques

- Handwriting analysis
- Polygraph examinations

## ■ Tests of integrity

- Shrinkage: Industry term for losses due to bookkeeping errors and employee, customer, and vendor theft
- Types of tests of integrity:
  - Overt
  - Personality-based
- Tests of mental ability
- Validity generalization: Validity of job descriptors & predictors: ref: O\*Net Content Model

# Screening and selection methods (Contd.)

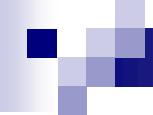
(Cascio, 2003)

- Measures of personality
  - General measures
  - Neuroticism
  - Faking
- Projective measures: Present an individual with ambiguous stimuli and allow him/ her to respond in an open-ended fashion
- Measures of leadership ability
  - Consideration: Reflects management actions oriented toward developing mutual trust, respect for subordinate's ideas, and consideration of their feelings
  - Initiating structure: reflects the extent to which an individual defines and structures his or her role and the roles of his or her subordinates toward accomplishing tasks
- Personal History Data
- Employment interviews
- Peer assessment:
  - Peer nomination
  - Peer rating
  - Peer ranking

# Screening and selection methods (Contd.)

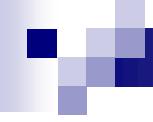
(Cascio, 2003)

- Work-sample tests
  - Standardized measures of behavior whose primary objective is to assess the ability to do rather than the ability to know
  - Examples
    - Leaderless Group Discussion
    - In Basket Test
    - Business Games
- Assessment centers: process that evaluates a candidate's potential based on multiple assessment techniques, standardized measures, and pooled judgments, that assess the following
  - Administrative skills
  - Interpersonal skills
  - Intellectual ability
  - Stability of performance
  - Work oriented motivation
  - Career orientation
  - Dependency on others



# The employment interview (Angell, 2007)

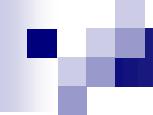
- “An *employment interview* involves the interpersonal communication exchange between a potential employer & a job applicant.”
- The process:
  - Depending upon the no. of people interviewing:
    - One on one interview
    - Panel interview
  - Depending upon the traits being tested:
    - Traditional: Questions & answers
    - Behavioral: Expression of skills required for the job



# Goals of an employment interview

(Angell, 2007)

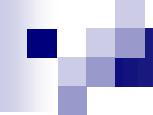
- To gather relevant information regarding a specific topic for subsequent evaluation and use for the purpose of:
  - Assessing a match between the applicant's qualifications & the requirements for the position
  - Evaluation of the applicant's personality, attitude, disposition, team skills, & general ability to fit in with other employees
  - Determining the applicant's motivation, communication skills, & dependability
  - Orientation of the applicant to the job requirements & background of the organization



# What should one ask in an interview?

(Gomez-Mejia, Balki & Cardy, 2012)

- Open-ended questions:
  - Set the tone for the interview
  - Help build rapport between interviewer & interviewee
- Situational questions: “Elicit from candidates how they would respond to particular work situations.”
- Job knowledge: “Assess whether candidates have the basic knowledge required to perform the job.”
- Worker requirements questions: “Assess willingness of candidates to perform under prevailing job conditions.”



# What should one not ask during the interview?

(Gomez-Mejia, Balkin & Cardy, 2012)

- Do not ask applicants if they have children, plan to have children, or what child-care arrangements they have made
- Do not ask the age of the applicants
- Do not ask whether the candidate has a physical or mental disability that could interfere with doing the job
- Do not ask for the applicant's height or weight even on the job application if this information does not directly pertain to the work the applicant is required to do
- Do not ask a female candidate for her maiden name
- Never ask any candidate about their marital status or plans to get married if they are single



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*Thank You*



# Human Resource Management Orientation & Performance Appraisal

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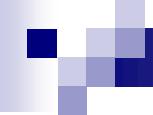
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# Employee orientation/ Onboarding

(Dessler & Varkkey, 2011)

- Onboarding is a process that “...provides new employees with the information they need to function” effectively in an organization.
- Purposes:
  - “Make the new employee feel welcome and part of the team
  - Make sure the new employee has the basic information to function effectively
  - Help the new employee understand the organization in a broad sense (Its past, present, culture, and strategies and vision of the future)
  - Start the person on the process of becoming socialized into the firm’s culture, values, and ways of doing things”

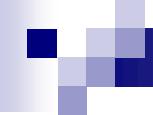


# The orientation process

(Dessler & Varkkey, 2011)

- The employee handbook
- Informal orientation: Get togethers, outdoor activities, picnics, etc.
- Orientation technology: Online learning about organization

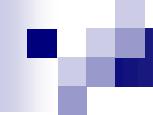
# Organizational Socialization



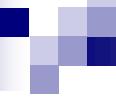
# Organizational Socialization: Definitions

(Modaff & DeWine, 2002)

- Van Maanen and Schein (1979): The process by which an individual acquires the social knowledge and skills necessary to assume an organizational role
- Bullis (1993): Process through which newcomers become organizational members. Includes newcomer acculturation, employee attitudes and behaviors, and the shaping of newcomers' identities



Organizational socialization is the organization's attempts to transform an organizational newcomer into a full-fledged member by instilling into the person the organization's norms, values, and beliefs as well as the formal and informal role requirements associated with the person's position (Modaff & DeWine, 2002).

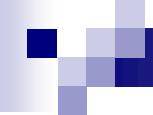


# When new members join an organization

The more experienced (organizational) members must find ways to insure that the newcomer does not disrupt the ongoing activity on the scene, embarrass or cast a disparaging light on others, or question too many of the established cultural solutions worked out previously (Modaff & DeWine, 2002).

After the new members are accepted as part of the organization, they are able to  
(Modaff & DeWine, 2002)

- Share organizational secrets
- Separate the presentational rhetoric used on outsiders to speak of what goes on in the setting from the operational rhetoric used by insiders to communicate with one another as to the matters-at-hand, and
- Understand the unofficial yet recognized norms associated with the actual work going on and the moral conduct expected of people in the particular organizational segment



# Socialization Process

(Modaff & DeWine, 2002)

## ■ Collective vs. individual socialization process

- *Collective socialization* involves putting a group of recruits through a common set of experiences together.
- *Individual socialization* occurs when recruits are brought into the organization in relative isolation from one another and put through a unique set of experiences

# Socialization Process (Contd.) (Modaff & DeWine, 2002)

## ■ Formal vs. informal socialization process

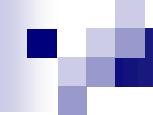
- *Formal socialization* occurs when newcomers are segregated, in one form or another, from regular organizational members
- *Informal socialization* processes do not segregate the newcomer in any special way or distinguish the newcomer's role specifically but instead use the informal, laissez-faire socialization for recruits

# Socialization Process (Contd.)

(Modaff & DeWine, 2002)

## ■ Sequential vs. random socialization processes

- *Sequential socialization* is the degree to which the organization specifies a certain set of steps to be completed in order to advance to the target role
- *Random socialization* occurs when the sequence of steps leading to the target role is unknown, ambiguous, or continually changing



# Socialization Process (Contd.)

(Modaff & DeWine, 2002)

## ■ Fixed vs. variable socialization processes:

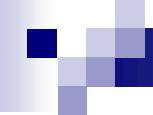
- When an organization uses *fixed socialization*, it provides the newcomer with a precise timetable for when to expect progression to the target role.
- *Variable socialization processes* provide no real cues to the newcomer as to when to expect movement to the target role

# Socialization Process (Contd.)

(Modaff & DeWine, 2002)

## ■ Serial vs. disjunctive socialization processes

- If an organization uses *serial socialization*, it uses an experienced organizational member, who occupies a similar role to the one the newcomer will occupy, to help “groom” the newcomer
- When the organization uses *disjunctive socialization processes*, no role models are available or are provided for the newcomer and the newcomer is left alone to discover the ins and outs of the position

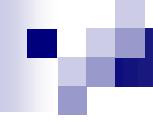


# Socialization Process (Contd.)

(Modaff & DeWine, 2002)

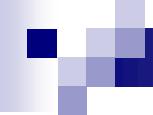
## ■ Investiture vs. Divestiture Socialization Processes

- The *investiture socialization* tactic affirms the personal characteristics and identity that the newcomer brings to the organization – “we like you the way you are”
- *Divestiture socialization*, however, seeks to deny and strip away certain personal characteristics of a newcomer – “we love you, you are perfect, now change”



# To ease a newcomer's assimilation into the organization (Modaff & DeWine, 2002) :

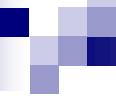
- New employees should collect as much information about the organization as possible
- Managers need to take special note of the progress new employees are making in the first few days and weeks toward adopting the values of the organization



# To ease a newcomer's assimilation into the organization (Contd.)

(Modaff & DeWine, 2002) :

- As a new employee, you must assess how much of your own culture you are being asked to set aside in order to adopt the culture of the organization
- Managers need to consider each new employee and determine what approach will work best, remembering that the organization must make some adaptations to its new members as well as expecting adjustments from them



# Managing Performance

# Definitions of performance management

(Hall, in Gilmore & Williams, 2009)

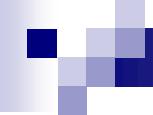
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- Armstrong & Baron (2005): ‘Process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved.’

# HRM & Managing Performance

(Hall, in Gilmore & Williams, 2009)

## ■ Early HRM Models:

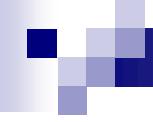
- HRM Model proposed by Fombrun, Tichy & Devanna (1984): Described selection, appraisal, and development – influencing performance within the human resource cycle. This early model assumed that managing these HR activities could influence employee performance, but it did not offer any explanation of the processes involved.
- Harvard model of HRM: Recognizes how stakeholder interests inform certain areas of HRM policy formulation, and how the implementation of these policies produces outcomes that have long term consequences, including organizational effectiveness.
- Guest's theory of HRM: With its four HR policy goals of strategic integration, commitment, flexibility, and quality, describes how HR policy implementation can lead to certain organizational outcomes, including job performance and other outcomes, that can affect organizational performance.<sup>120</sup>



# HRM & Managing Performance (Contd.)

(Hall, in Gilmore & Williams, 2009)

- Strategic HRM (Boxall & Purcell, 2003): Strategic HRM is about how HRM influences organizational performance. Strategic HRM ‘positions’ the strategic responsibility for managing performance within HRM, which has influenced the development of the role of HR managers and helped to define the nature of their interaction with other managers.
- The business partner model of HRM (Ulrich, 1997): Conceptual framework that describes how HRM operates as a business partner within organizations. Areas where HRM can ‘partner’ the business in contributing towards achieving the organizational aims: Strategic partner, human capital developers (strategic), functional expert, employee advocates (operational), and HR leader at the centre spanning all areas. Model describes how HR managers can work in partnership with other managers to develop and implement coherent and integrated performance strategies, based on HR policies and practices, to achieve common business goals.
- People & performance model (Boxall & Purcell, 2003): Performance is a function of ability (A), motivation (M), and opportunity (O)



# Whose responsibility is the management of performance? (Hall, in Gilmore & Williams, 2009)

## ■ Performance related work practices

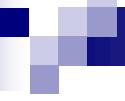
(Purcell, 2003, in Hall, 2009)

- Careful/ sophisticated recruitment and selection
- Job security
- Emphasis on providing career opportunities
- Appraising each individual's performance and development
- Training and learning/ development
- Pay satisfaction
- Work life balance
- Job challenge/ job autonomy
- Teamworking
- Involvement in decision-making
- Information sharing and extensive two-way communication

# Performance management in practice

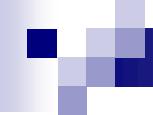
(Hall, in Gilmore and Williams, 2009)

- Performance management system: Organizational framework or model that supports the integration and implementation of processes to facilitate the strategic management of performance
- Armstrong & Baron (2005): Characteristics of an organization that indicate the existence of a performance management system:
  - It (the organization) communicates a vision of its objectives to all employees
  - It sets departmental and individual performance targets that are related to wider organizational objectives
  - It conducts a formal review of progress towards these targets
  - It uses the review process to identify training, development, and reward outcomes
  - It evaluates the whole process in order to improve effectiveness
  - It uses formal appraisal procedures as a way of communicating performance requirements that are set on a regular basis



# Performance Appraisal

NPTE



# What? (Hall, in Gilmore & Williams, 2009)

## ■ Background

- Came into prominence in 1960s with the introduction of MBO
- Gained substantial popularity in 1990s

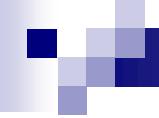
## ■ An exercise undertaken by organizations typically annually to map actual performance with goals decided previously (Cascio, 2003)

## ■ Psychological principles of Performance Appraisal (Kersley et al, 2006, in Hall, 2009):

- Adequate feedback as to how they are performing (knowledge of their output)
- Clear attainable objectives
- Involvement in the setting of tasks and objectives

# Why? (Cleveland, Murphy & Williams, 1989)

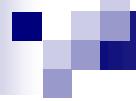
- Salary administration
- Promotion
- Retention or termination
- Recognition of individual performance
- Layoffs
- Identify poor performance
- Identify individual training needs
- Performance feedback
- Determine transfers and assignments
- Identify individual strengths and weaknesses
- Personnel planning
- Determine organizational training needs
- Evaluate goal achievement
- Assist in goal identification
- Evaluate personnel systems
- Reinforce authority structure
- Identify organizational development needs
- Criteria for validation research
- Document personnel decisions
- Meet legal requirements



# Aims of appraisal

(Hall, in Gilmore & Williams, 2009)

- Communication
  - To provide an opportunity for open two – way dialogue (feedback) about all aspects of individual performance
  - To discuss & clarify expectations, roles, aspirations, & any issues affecting performance
  - To focus on how the individual with the support of the organization contributes to the aims of the business
- Development
  - To identify opportunities for professional development linked to the employee's role and career aspirations
  - To provide training, learning, and development opportunities to enable employees to contribute to the performance of their organization and to enhance their career opportunities
  - To develop individuals in line with organizational succession planning
- Motivation
  - To influence motivation positively by providing feedback, recognition & praise
  - To identify and provide opportunities for development, including appropriate learning & training
  - To empower people by encouraging them to commit & take responsibility for tasks and objectives, and to feel that they have the personal and organizational resources to achieve their objectives

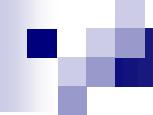


# Identifying performance dimensions

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Employer perspective:

- Despite imperfect measurement techniques, individual differences in performance can make a difference to company performance
- Documentation of performance appraisal and feedback may be needed for legal defense
- Appraisal provides a rational basis for constructing a bonus or merit system
- Appraisal dimensions & standards can help to implement strategic goals & clarify performance expectations
- Providing individual feedback is part of the performance management process
- Despite the traditional focus on the individual, appraisal criteria can include teamwork & the teams can be the focus of the appraisal

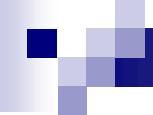


# Identifying performance dimensions (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Employee perspective:

- Feedback is needed & desired
- Improvement in performance requires assessment
- Fairness requires that differences in performance levels across workers be measured & have an effect on outcomes
- Assessment & recognition of performance levels can motivate workers to improve their performance

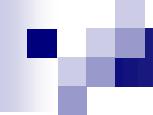


# Defining employee's goals & efforts

(Dessler, 2005)

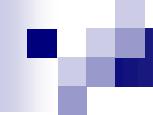
- Assign specific goals
- Assign measurable goals
- Assign challenging but doable goals
- Encourage participation

NHET



# Assessment of objectives (Hall, in Gilmore & Williams, 2009)

- S: Specific, significant, stretching
- M: Measurable, meaningful, motivational
- A: Attainable, agreed upon, achievable, acceptable, action oriented
- R: Realistic, relevant, reasonable, rewarding, results oriented
- T: Time based, timely, tangible



# Concerns regarding performance appraisals

(Gray, 2002)

- They may not be synchronized with the developing structure of global businesses
- They may not motivate
- “No one is average”
- The timing may impact the appraisal, e.g. before vs. after holiday season

# Values, attitudes, and behavior

(Hall, in Gilmore & Williams, 2009)

- Assessed in terms of outcomes – based on competencies demonstrated in achieving the outputs
- Outcomes linked with learning, development, & Experience are desirable because they are necessary for personal development & performance improvement
- Appraisal through generation of examples by examples that demonstrate how their VAB contributed towards performance. e.g. 360 degree feedback, mapping of VAB against core values of organization

# Traditional performance appraisals vs. 360 deg feedback (O'Boyle, 2013)

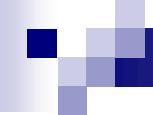
<u>Criteria</u>	<u>Traditional Performance Appraisals</u>	<u>360 Deg Feedback</u>
Why?	To provide an evaluation on past performances from a single source	To provide an evaluation & feedback on behavior & development needs from multiple sources
Raters	Line manager	Peers, subordinates, self, line manager, external people & groups
Feedback	Line manager cannot have anonymity	Multiple sources of feedback are able to remain anonymous
Assessment	Quantitative & qualitative	Generally only quantitative
Outcomes	Salary, promotion, transfer, demotion, training & development	Strong focus on training & development in order to improve future performance. May also be linked to compensation
Frequency	Annual	Continuous
Applicability	All employees	All employees



# Typical employee reactions to performance appraisals

(Cascio, 2003)

- Employees are often less certain about where they stand after the appraisal interview than before it
- Employees tend to evaluate their supervisors less favorably after the interview than before it.
- Employees often report that few constructive actions or significant improvements resulted from appraisal interviews
- Employees feel that the authoritarian “tell & sell” approach, so common in appraisal interviews, is completely out of step with today’s emphases on empowerment and workplace democracy



# Appraising performance

(Cascio, 2003, Dessler, 2005)

Steps:

- Defining the job and performance and setting achievable goals
- Facilitating performance
- Encouraging performance
  - Voice of employees
  - Consistency of treatment of employees
  - Relevance of rewards
  - Communication about rewards process
- Appraising performance
- Feedback to the employee regarding appraisal and directions for the future

Challenges:

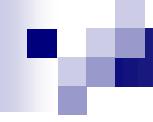
- What to measure
- How to measure



# Purposes of performance appraisal systems

(Cascio, 2003)

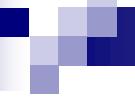
- Appraisals provide legal and formal organizational justification for employment decisions
- Appraisals are used as criteria in test validation
- Appraisals provide feedback to employees
- Appraisals can help establish objectives for training programs
- Appraisals can help diagnose organizational problems



# Requirements of effective appraisal systems

(Cascio, 2009)

- Relevance:
  - Clear links between the performance standards for a particular job and an organization's goals
  - Clear links between the critical job elements identified through a job analysis and the dimensions to be rated on an appraisal form
- Performance standards: Translation of job requirements into levels of acceptable or unacceptable
- Sensitivity: Capability of a performance appraisal system to distinguish effective from ineffective performers
- Reliability: Consistency of judgment
- Acceptability by employees
- Practicality: Ease of understandability and use of appraisal instruments



*Thank You*

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# Human Resource Management

## Managing Performance

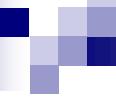
Aradhna Malik (PhD)

Assistant Professor

VGSoM, IIT Kharagpur

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# Managing Performance

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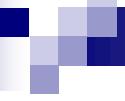
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# Performance management in practice

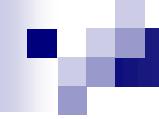
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# Performance Appraisal

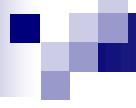
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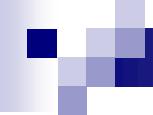


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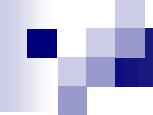
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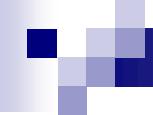


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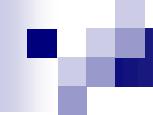
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NHETC



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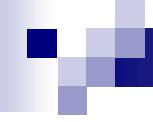
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Challenges:

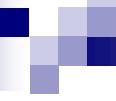
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# Requirements of effective appraisal systems

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# Designing and operating performance management systems

# Performance measurement

(Hall, in Gilmore & Williams, 2009)

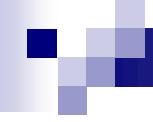
- Results oriented: ‘Outputs’ approach using metrics, e.g.
  - Financial – Sales turnover per employee, pre-tax profit per employee, return on investments etc.
  - People – Value added per employee, total leavers/ total employees (%), early leavers/ total employees (%), days lost to absenteeism per employee, etc.
  - Customer – Complaints per customer (%), orders not delivered on time (%), satisfied customers (%), marketing expenditure/ turnover (%), etc.
  - Innovation, learning, and development – R&D expenditure/ turnover (%), training expenditure/ turnover (%), training expenditure per employee, etc.
- Grading methods or ranking methods – pseudo-quantitative – used for assessing attitude and behavioral aspects of performance, where ranking or rating methods such as behaviorally anchored rating scales (BARS) are commonly employed



# Graphic Rating Scale Method

(Dessler, 2005)

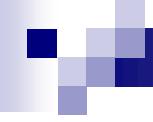
- Lists traits (such as quality & reliability) and a range of performance values (from unsatisfactory to outstanding) for each trait
- Supervisor rates each subordinate by circling or checking the score that best describes his or her performance for each trait. Assigned values are then totalled
- What can be measured?
  - Generic dimensions such as quality & quantity
  - Job's actual duties, e.g. maintenance of records
  - Competency based appraisals – focus on the employees ability to exhibit the competencies that the employer values for his job



# Alternation ranking method

(Dessler, 2005)

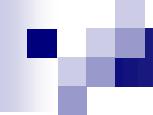
- Ranks employees from best to worst on a trait or group of traits
- List all subordinates to be rated
- Cross out names of any not known well enough to rank
- Indicate the employee who is highest on the characteristic being measured and also the one who is lowest
- Choose the next highest and next lowest, and alternate between highest and lowest until all employees have been ranked



# Other methods

(Dessler, 2005)

- Paired comparison method: For every trait (quality of work, quantity of work, etc.) every employee is paired and compared with every other
- Forced distribution method: Similar to grading on a curve. Place predetermined percentages of ratees into performance categories e.g. 15% high performers, 20% high average performers, 30% average performers, 20% low average performers, 15% low performers
  - Problems:
    - Possibility of bias
    - High possibility of intra-office politics affecting ratings
- Critical incident method: Supervisor keeps a log of positive and negative examples (critical incidents) of a subordinate's work related behavior. Every six months or so, supervisor and subordinate meet to discuss the latter's performance, using the incidents as examples
- Narrative forms: Final written appraisal



# Behaviorally Anchored Rating Scales (BARS) (Dessler, 2005)

- Generate critical incidents
- Develop performance dimensions
- Reallocate incidents
- Scale the incidents
- Develop a final instrument
- Advantages:
  - A more accurate gauge
  - Clearer standards
  - Feedback
  - Independent dimensions
  - Consistency

# Management by Objectives

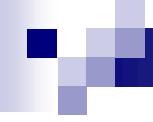
(Hall, in Gilmore & Williams, 2009)

- Introduced by Peter Drucker in 1955
- First systematic approach that attempted to align organizational goals with individual performance and development, involving all levels of management.
- Key principles:
  - The setting of objectives (goals) & targets
  - The participation of managers in agreeing to objectives & performance criteria
  - The continual review & appraisal of results
- Processes:
  - Clarification of organizational goals & objectives
  - Design of organizational structures & systems to achieve goals & objectives
  - Participation of managers to gain acceptance & agreement on objectives, targets, & performance criteria of employees at organizational, group, & individual level
  - Agreement to performance improvement plans to enable employees to contribute to achieving individual objectives & targets, & to improving organizational performance
  - Monitoring & reviewing employee progress & performance against agreed objectives through the use of an appraisal process
  - Making changes to employees' objectives & targets as a consequence of review
  - Review of organizational performance based on outcomes of the MBO cycle of activities

# Benefits of MBO

(Hall, in Gilmore & Williams, 2009)

- It communicates organizational aims to employees
- It defines work activities based on the aims of the organization
- It enables employees to contribute towards the aims of the organization by working towards their individual goals
- It provides a process for employee and organizational improvement
- It facilitates continuous and systematic management of performance throughout the organization



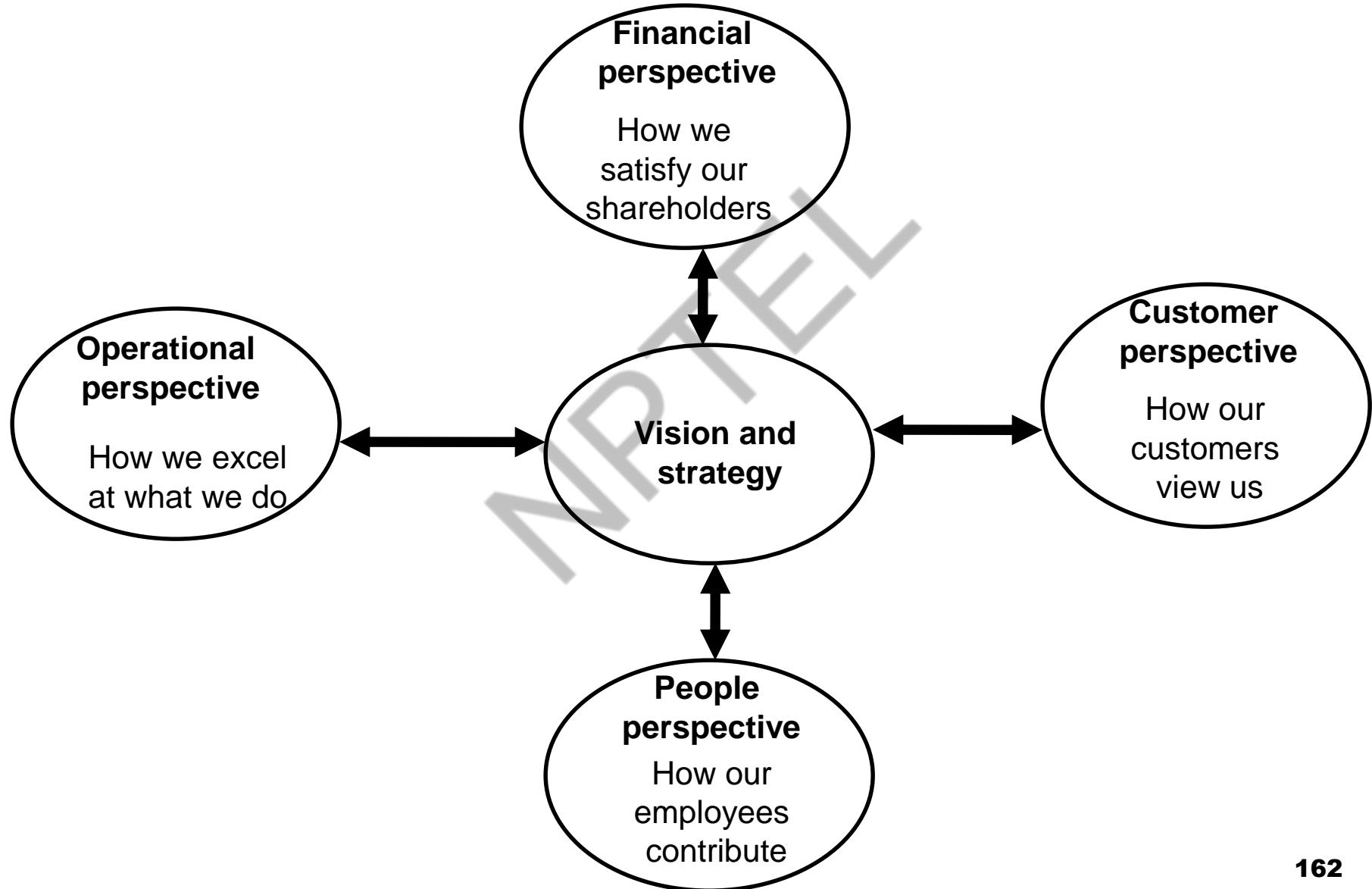
# Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

- Kaplan and Norton (1996): Performance measurement system to Performance management system
- Perspectives to managing performance:
  - Customer: Customer value proposition
  - Business processes (operational): The internal processes & systems
  - Innovation & learning (people): The human contribution through knowledge & skills
- Goals: Strategic goals at the top level of an organization and then ‘translated’ into appropriate goals at lower levels such as business units, teams, & individuals
- Process of translating and ‘cascading’ strategic aims into goals at every level throughout an organization guides and encourages people to contribute towards the overall performance of the organization
- Strategic mapping: Definition of strategic aims and relation of these aims to organizational activities to serve as a basis for specifying goals within the different performance perspectives

# Balanced Scorecard

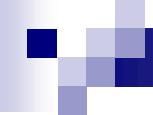
(Hall, in Gilmore & Williams, 2009)



# Example of a Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

<b>Goal (Broad objective)</b>	<b>Measure or 'metric'</b>	<b>Objective/ target</b>	<b>Development actions</b>
Achieve 'excellent' customer satisfaction	% of customers lost over 12 months	Less than 10% loss of customers in 6 months time	Develop 'lost customers' report
	% of customers completed a CS survey in past 6 months	More than 80% of customers complete a CS survey this year	Use customer feedback to improve CS survey
	Level of CS	More than 75% of customers to rate our service as 'excellent'	Develop employee competencies in CS
	Quartile for CS compared to sector	Upper quartile in industry sector by end of financial year	Develop benchmarking within sector



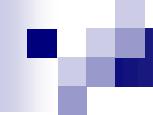
# Criticisms of Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

- Issues related to its interpretation and implementation
- Issues related to time/ level of implementation
  - Individual
  - Reporting tool
- Distraction from business activities
- Lack of ownership and accountability
- Difficult to establish ‘cause & effect’

# European Foundation for Quality Management (EFQM) Excellence Model (Hall, in Gilmore & Williams, 2009)

- Introduced in 1992 ([efqm.com](http://efqm.com))
- Based on:
  - Enablers:
    - Leadership
    - People
    - Strategy & policy
    - Partnership & resources
    - Processes
  - Results:
    - People
    - Customers
    - Society
    - Key performance indicators
- Criticisms:
  - Relies on self – assessment
  - Heritage in quality management – developed as auditing frameworks with a focus on compliance with existing standards, rather than managing performance with a view to the future



# Advantages & disadvantages of appraisal tools

(Dessler, 2005, Hall, in Gilmore & Williams, 2009)

Tool	Advantages	Disadvantages
Graphic rating scale	Simple to use, provides a quantitative rating for each employee	Standards may be unclear, halo effect, central tendency, leniency, bias can be problems
BARS	Provides behavioral 'anchors'. Accuracy	Difficult to develop
Alternation ranking	Simple to use. Avoids central tendency and other such probs	Can cause disagreements among employees & may be unfair if all employees are excellent
Forced distribution	Predetermination of percentage of people in each group	Results depend on supervisor's choice of cut off points
Critical incident method	Helps specify what is 'right' and 'wrong'. Ongoing evaluation.	Difficult to rate or rank employees relative to each other
MBO	Tied to jointly agreed upon performance objectives	Time consuming
EFQM		

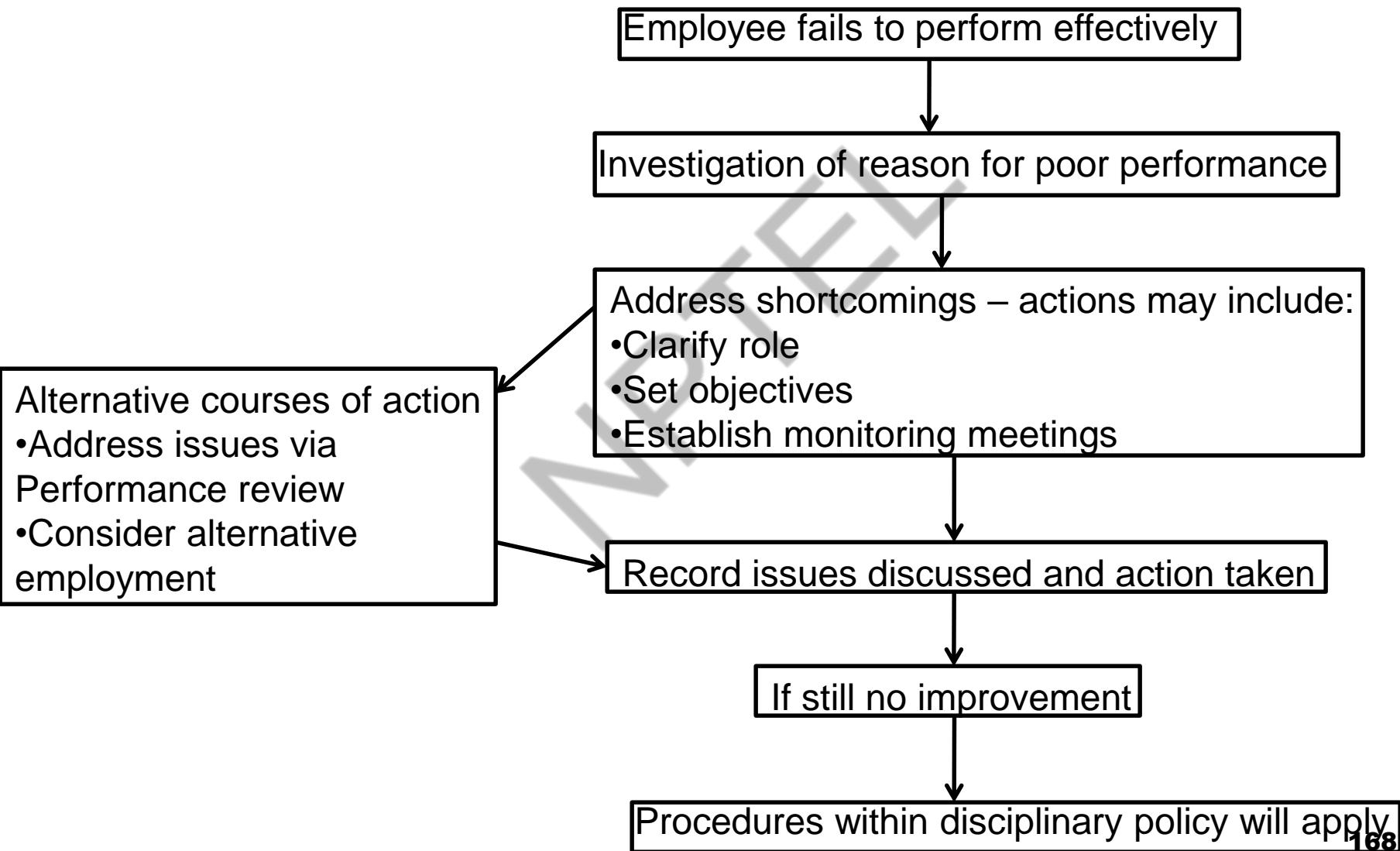
# Feedback on performance

(Hall, in Gilmore & Williams, 2009)

- Purpose: To provide an opportunity for communication between managers and employees that specifically addresses performance issues.
- Methods:
  - Top down feedback & upward feedback – unidirectional and hence flawed
  - 360 degree is best: feedback from suppliers, customers, peers, subordinates, supervisors
  - Self appraisal

# Managing poor performance

(Hall, in Gilmore & Williams, 2009)



# Effectiveness of performance appraisals

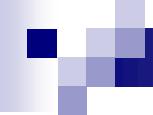
(Hall, in Gilmore & Williams, 2009)

## ■ Concerns regarding

- Unintended consequences because of inappropriate (and undesirable) employee behavior in attempting to achieve objectives
- Past reasons for current behavior
- Duration between appraisals – annual/ semi – annual, quarterly – what is too soon?
- Feedback vs. Real encouragement and support for good performance

## ■ Potential rating scale appraisal problems (Dessler, 2005):

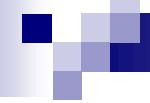
- Unclear standards
- Halo effect: Influence of the rater's general impression about ratee
- Central tendency: Tendency of supervisors to rate all subordinates in the middle of the rating scale
- Leniency or strictness
- Bias



# Appraising performance

(Dessler, 2005)

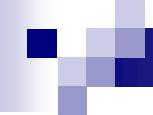
- Make sure you know what you mean by ‘successful performance’. Conduct job analysis to establish the criteria and standards
- Incorporate these criteria and standards into a rating instrument (BARS, graphic rating scale, etc.)
- Communicate performance standards to employees and to those rating them, in writing
- When using graphic rating scales, avoid abstract trait names such as ‘loyalty’ or ‘honesty’ unless you can define them in terms of observable behaviors
- Use subjective supervisory ratings (e.g. essays) as only one component of the overall appraisal process
- Train supervisors to use the rating instrument properly. Give instructions on how to apply performance appraisal standards when making judgments & provide written instructions for using the rating scales.
- Allow appraisers substantial daily contact with the employees they are evaluating



# Appraising performance (Contd.)

(Dessler, 2005)

- Base your appraisals on separate ratings for each dimension of the job performance instead of using a single overall rating of job performance
- Whenever possible, have more than one appraiser conduct the appraisal, and conduct all such appraisals independently
- One appraiser should never have absolute authority to determine a personnel action
- Employees should have the opportunity to review and make comments, written or virtual about their appraisals before they become final, and should have a formal appeals process through which to appeal their ratings
- Document all information and reasons bearing on any personal decision
- Where appropriate, provide corrective guidance to assist poor performers in improving performance



# Appraisal interviews

(Dessler, 2005)

- Discussion after the appraisal between supervisor and subordinate to review the appraisal and make plans to remedy deficiencies and reinforce strengths
- Types of outcomes of appraisal interviews:
  - Satisfactory - Promotable
  - Satisfactory - Not promotable
  - Unsatisfactory but correctable
  - Unsatisfactory and uncorrectable

# How to conduct the appraisal interview

(Dessler, 2005)

## ■ Conducting the interview

- Talk in terms of objective work data
- Don't get personal
- Encourage the person to talk
- Don't tiptoe around

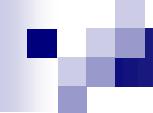
## ■ How to handle a defensive subordinate:

- Recognize that defensive behavior is normal
- Never attack a person's defenses and try to explain someone to themselves, e.g. statements like, "You know the real reason you are using that excuse is that you cannot bear to be blamed for anything"
- Postpone action
- Recognize your own limitations

## ■ How to criticize a subordinate: Praise in public, punish in private

## ■ How to ensure that the interview leads to performance

- Ensure that the subordinate does not feel threatened during the interview
- Ensure that the subordinate has the opportunity to present his/her ideas and feelings and has a chance to influence the course of the interview
- Be helpful and supportive to the subordinate & help him/ her succeed



# Effective performance feedback interviews

(Cascio, 2003)

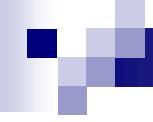
## ■ Before the interview:

- Communicate frequently
- Get training in performance appraisal interviewing
- Plan to use a problem solving approach rather than “tell and sell”
- Encourage subordinates to prepare for performance feedback interviews

# Effective performance feedback interviews (Contd)

(Cascio, 2003)

- During the appraisal interview:
  - Encourage subordinates to participate
  - Judge performance, not personality and mannerisms
  - Be specific
  - Be an active listener:
    - Take the time to listen – hold all phone calls and do not allow interruptions
    - Communicate verbally and non-verbally that you genuinely want to help
    - As the subordinate begins to tell his or her side of the story, do not interrupt and do not argue
    - Watch for verbal as well as nonverbal cues regarding the subordinate's agreement or disagreement with your message
    - Summarize what was said and what was agreed to
  - Avoid destructive criticism because:
    - It produces negative feelings among recipients and can initiate or intensify conflict
    - It reduces the preference of individuals for handling future disagreements with the giver of the feedback in a conciliatory manner (e.g. collaboration and compromise)
    - It has negative effects on self-set goals and on feelings of self confidence
  - Set mutually agreeable goals for future improvements

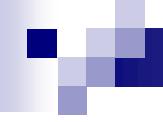


# Effective performance feedback interviews (Contd)

(Cascio, 2003)

## ■ After the appraisal interview

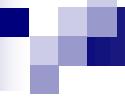
- Communicate frequently about performance and assess progress towards goals regularly because:
  - It helps keep behavior on target
  - It provides a better understanding of the reasons behind a given level of performance
  - It enhances the subordinate's commitment to perform effectively
- Make organizational rewards contingent on performance



# Contemporary issues in managing performance

(Hall, in Gilmore & Williams, 2009)

- Human capital management: Management of measurable contribution by the people in the organization
- Governance: Combination of conformance or compliance and performance
- Future of managing performance
  - Increasing importance due to increasing competition
  - Effective reporting and management of performance
  - Need for uniformity in reporting of performance
  - Need for conformity of reporting of performance



**TEL**

*Thank You*



# Human Resource Management

## Assessment of Training Needs & Training Methods

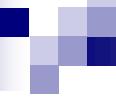
Aradhna Malik (PhD)

Assistant Professor

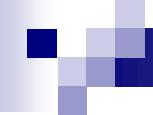
VGSOM, IIT Kharagpur

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# Training & Development



# The Training Process

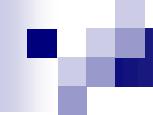
(Dessler & Varkkey, 2011)

- Definition: “Training means giving new or current employees the skills they need to perform their jobs.”
- Negligent training: Insufficient training or training not suited for the job the employee may be assigned
- Aligning strategy and training = learning needs + individual needs of employees + organizational needs + appropriate training + individual performance aligned with organizational performance

# Employee Training

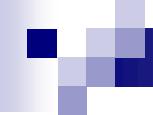
(Cascio, 2003)

- Training consists of planned programs designed to improve performance at the individual, group, and/or organizational levels.
- Improved performance implies that there have been measurable changes in knowledge, skills, attitudes, and/or social behavior



# Key issues in training (Gomez-Mejia, Balkin & Cardy, 2012)

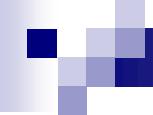
- How can training keep pace with a changing organizational environment?
- Should training take place in a classroom setting or on the job?
- How can training be effectively delivered worldwide?
- How can training be delivered so that trainees are motivated to learn?



# Challenges in training (Gomez-Mejia, Balkin & Cardy, 2012)

- Is training the solution to the problem?
- Are the goals of training clear and realistic?
- Is training a good investment?
  - Look inside & find trainers from within the organization
  - Focus training on what is needed
  - Give training a strategic alignment
  - Capitalize on reduced costs of online training
- Will the training work?

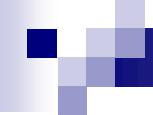
(IMA, 2002, Baun & Scott, 2010, and Engebreston, 2010, in Gomez-Mejia, Balkin & Cardy, 2012)



# Making the learning meaningful

(Dessler & Varkkey, 2011)

- Overview at the beginning of training to help trainees assess the value of training program
- Inclusion of a “... variety of familiar examples”
- Logical organization of information
- Use of familiar terms & concepts to sustain the interest of trainees and to give them a feeling of success during and after training
- Use of visual aids
- Creation and sustenance of training need



# Making skills transfer easy (Dessler & Varkkey, 2011)

- “Maximize similarity between training situation & work situation
- Provide adequate practice
- Label or identify each feature of the machine and / or step in the process
- Direct the trainees’ attention to important aspects of the job
- Provide “heads-up” (advance) information regarding potential stressful conditions”
- Allow and facilitate trainees to learn at their own pace
- Reinforce learning by encouraging correct responses and correcting the incorrect ones immediately after occurrence.
- Be sensitive to the impact the time of the day/duration of program/ office activities and culture, etc. can have on the learning curve.

# Training Trends

(Cascio, 2003)

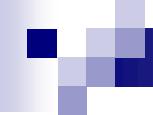
## ■ Challenges

- Social pressures
- Pressure to perform in highly specialized environments
- Maintenance of quality in the face of ever increasing awareness and subsequent expectations of customers
- Management of interpersonal expectations in intercultural environments
- Off-shoring and management in a multi-Continent environment

# Structural issues in the delivery of training

(Cascio, 2003)

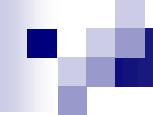
- Corporate commitment is lacking and uneven
- Aggregate expenditures by business on training are inadequate
- Businesses complain that schools award degrees but they are no guarantee that graduates have mastered skills
- Poaching trained workers is a major problem for businesses, and provides a strong disincentive for training
- Despite the rhetoric about training being viewed as an investment, current accounting rules require that it be treated as an expense
- Lack of adequate support from Govt agencies
- Lack of coordination between what employers need and what schools teach their students
- Organized labor



# Characteristics of effective training practice

(Cascio, 2003)

- Commitment of top management to training and development
- Dependence of business strategy on training/ coherence between training and business strategy and results
- Comprehensive, systematic and continuous approach to training
- Commitment to invest the resources necessary to provide adequate and timely training



# Training paradox (Cascio, 2003)

- Increasing an individual's employability outside the company simultaneously increases his or her job security and desire to stay with the current employer

NPH

# Designing training programs

(Dessler & Varkkey, 2011)

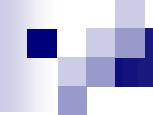
- Needs analysis: “... identify the specific knowledge & skills the job requires & compare these with the prospective trainees’ knowledge & skills”
- Instructional design: “... formulate specific, measurable knowledge & performance training objectives, review possible training program content (including workbooks, exercises, and activities), and estimate a budget for the training program”
- Implementation: “... by actually training the targeted employee group using methods such as on the job or online training”
- Evaluation: “... assess the program’s success or failures”

# Designing training programs (Contd.)

(Cascio, 2003)

## ■ Assessment phase

- Organization analysis
- Operations analysis:
  - Systematic collection of information that describes how work is done
  - Determination of standards of performance
  - Determination of how tasks are to be performed to meet the standards
  - Determination of the competencies necessary for effective task performance
- Individual analysis
- Derivation of Objectives



# Designing training programs (Contd.)

(Cascio, 2003)

- Training and development phase
  - Selection of media and learning principles
  - Evaluation of transfer of skills
- Evaluation phase
  - Develop criteria
  - Pretest trainees
  - Monitor training
  - Evaluate training
  - Evaluate transfer of training
  - Feedback

# Needs analysis

(Gomez-Mejia, Balkin & Cardy, 2012)

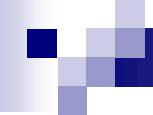
## ■ Levels:

- Organizational analysis: “...examines broad factors such as the organization’s culture, mission, business climate, long and short term goals, & structure. Purpose is to identify both overall organizational needs & the level of support for training.”
- Task analysis: Examination of the job to be performed
- Person analysis: “Determines which employees need training by examining how well employees are carrying out the tasks that make up their jobs. Often necessary when there is a discrepancy between a worker’s performance & the organization’s expectations or standards.”

# Performance analysis: Assessing current employees training needs

(Dessler & Varkkey, 2011)

- The process of verifying that there is a performance deficiency and determining whether the employer should correct such deficiencies through training or some other means (like transferring the employee).
- Tools of performance analysis:
  - Performance appraisals
  - Job related performance data
  - Observations by supervisors or other specialists
  - Interviews with the employee or his/ her supervisor
  - Tests of things like job knowledge, skills, and attendance
  - Attitude surveys
  - Individual employee daily diaries
  - Assessment center results
  - Special performance gap analytical software



# Needs analysis (Contd.) (Dessler & Varkkey, 2011)

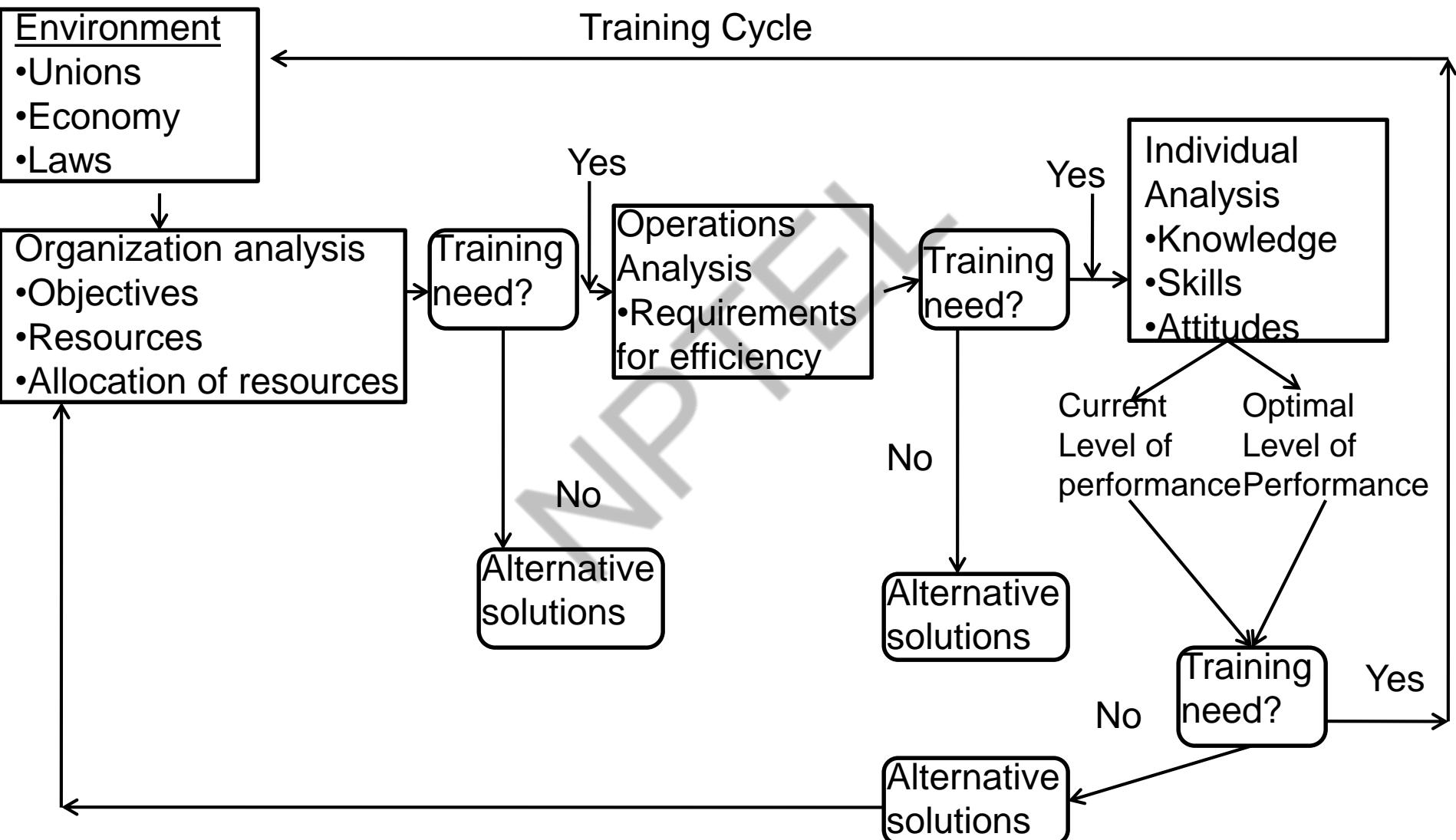
- Task analysis: detailed study of the job to determine what specific skills the job requires.

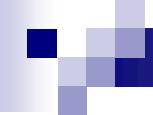
*Task analysis record form:* Form that consolidates information regarding required tasks and skills in a form that is especially helpful for determining training requirements. May include parameters like when and how often specific tasks are performed, quantity and quality of performance, conditions under which specific tasks are performed, skills or knowledge required, and where (or during which activity) tasks are best learnt in the organization.

## Differentiate between job description, job specifications and task analysis

- Competency model: Consolidates usually in one diagram, a precise overview of the competencies someone would need to do a job well, with foundation competencies (Personal, interpersonal, job related) at the base, followed by areas of expertise, and roles at the top of the pyramidal model.

# Training needs assessment model (Cascio, 2003)





# Design & development of training programs

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Location:

- On the job training
- Off the job training

## ■ Presentation:

- Teletraining: Many trainees, many locations, training at the same time
- Computer based training: Training at one's own time & pace
- Simulations: Devices or situations that replicate job demands at an off the job site
- Virtual reality: Absolute simulation
- Classroom instruction & role plays

# Types of training

(Gomez-Mejia, Balkin & Cardy, 2012)

- Skills training
  - New skill training
  - Retraining
- Cross functional training: Teaches employees to perform operations in areas other than their assigned job.
  - Peer trainers
- Team training
  - Aspects
    - Content tasks
    - Group processes
  - Virtual team training:
    - Initial face to face team building session
    - Use of technology
    - Communication
    - Team management
- Creativity training – Brainstorming
- Literacy training – Basic training in the rudimentary functions of programs required for specific jobs
- Diversity training
-

# Types of training (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- Creativity training – Brainstorming
- Literacy training – Basic training in the rudimentary functions of programs required for specific jobs
- Diversity training
- Crisis training
- Ethics training
- Customer service training
- Legal issues in training

# Principles of Learning

(Cascio, 2003)

## ■ Ingredients of skill learning

### □ Goal setting

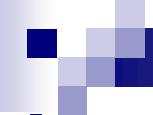
- Goal theory: An individual's conscious goals or intentions regulate his or her behavior

#### Implications:

- Make the objectives of the training program clear at the outset
- Set challenging but achievable goals
- Achieve short term goals during the training

### □ Behavior modelling

- Physical similarity
- Clear portrayal of behaviors
- Rank the behaviors to be modelled
- Have several models portray the behaviors



# Ingredients of skill learning (Contd.)

(Cascio, 2003)

## ■ Meaningfulness of the material

- Provide trainees with overview of material
- Use examples, terms and concepts that trainees are familiar with – scaffolding
- Teach simpler skills and then integrate them into more complex skills

## ■ Practice

- Active practice
- Overlearning
- Length of practice session: Distributed vs. massed practice
- Feedback

# Transfer of training

(Cascio, 2003)

- The extent to which competencies learnt in training can be applied on the job
  - Positive: Enhances performance
  - Negative: Hampers performance
  - Neutral: Has no effect on performance
- Action learning: Participants learn through experience and application

# Team training (Cascio, 2003)

- Clear sense of direction
- Talented members
- Clear and enticing responsibilities
- Reasonable and efficient operating procedures
- Constructive interpersonal relationships
- Active reinforcement systems
- Constructive relationships with other teams and key organizational players who are not members

# Training methods

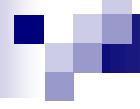
(Cascio, 2003)

## ■ Categories:

- Information presentation techniques
- Simulation methods
- On the job training methods

## ■ Objectives:

- Promoting self insight and environmental awareness
- Improving the ability of managers and lower level employees to make decisions and solve job related problems constructively
- Maximizing the desire to perform well



# Selection of training methods

(Cascio, 2003)

- Define training objective
- Motivate trainee to improve performance
- Clearly illustrate desired skills
- Allow the trainee to participate actively
- Provide an opportunity to practice
- Provide timely feedback on the trainee's performance
- Provide some means for reinforcement while the trainee learns
- Be structured from simple to complex tasks
- Be adaptable to specific problems
- Encourage positive transfer from the training to the job



*Thank You*

TEL



# Human Resources Management

## The Training Process

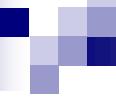
Aradhna Malik (PhD)

Assistant Professor

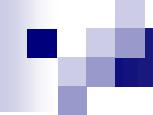
VGSoM, IIT Kharagpur

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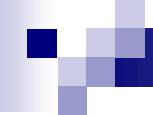
# Training & Development



# The Training Process

(Dessler & Varkkey, 2011)

- Definition: “Training means giving new or current employees the skills they need to perform their jobs.”
- Negligent training: Insufficient training or training not suited for the job the employee may be assigned
- Aligning strategy and training = learning needs + individual needs of employees + organizational needs + appropriate training + individual performance aligned with organizational performance

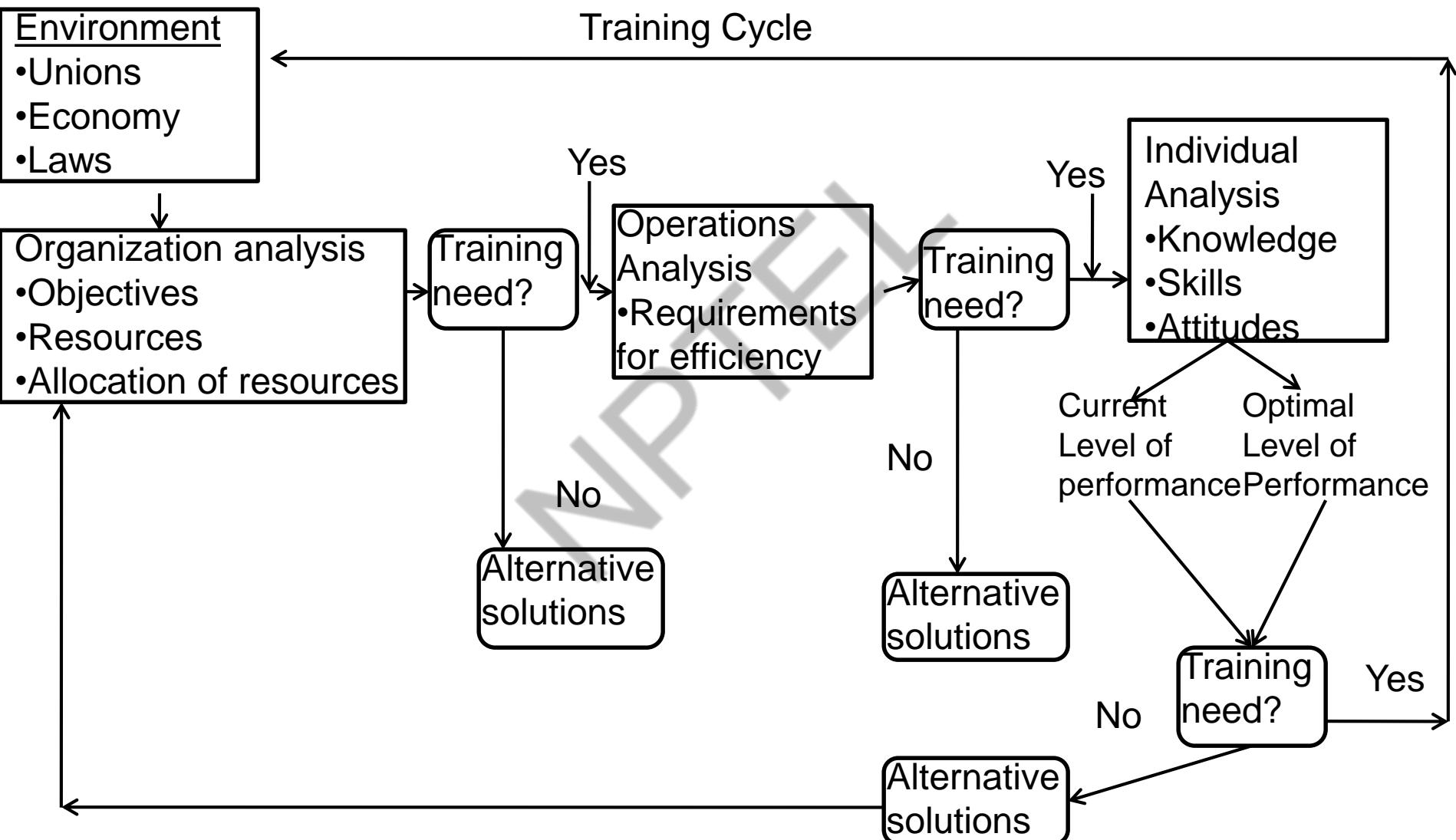


# Challenges in training (Gomez-Mejia, Balkin & Cardy, 2012)

- Is training the solution to the problem?
- Are the goals of training clear and realistic?
- Is training a good investment?
  - Look inside & find trainers from within the organization
  - Focus training on what is needed
  - Give training a strategic alignment
  - Capitalize on reduced costs of online training
- Will the training work?

(IMA, 2002, Baun & Scott, 2010, and Engebreston, 2010, in Gomez-Mejia, Balkin & Cardy, 2012)

# Training needs assessment model (Cascio, 2003)



# Principles of Learning

(Cascio, 2003)

## ■ Ingredients of skill learning

### □ Goal setting

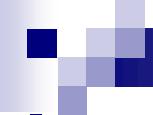
- Goal theory: An individual's conscious goals or intentions regulate his or her behavior

#### Implications:

- Make the objectives of the training program clear at the outset
- Set challenging but achievable goals
- Achieve short term goals during the training

### □ Behavior modelling

- Physical similarity
- Clear portrayal of behaviors
- Rank the behaviors to be modelled
- Have several models portray the behaviors



# Ingredients of skill learning (Contd.)

(Cascio, 2003)

## ■ Meaningfulness of the material

- Provide trainees with overview of material
- Use examples, terms and concepts that trainees are familiar with – scaffolding
- Teach simpler skills and then integrate them into more complex skills

## ■ Practice

- Active practice
- Overlearning
- Length of practice session: Distributed vs. massed practice
- Feedback

# Transfer of training

(Cascio, 2003)

- The extent to which competencies learnt in training can be applied on the job
  - Positive: Enhances performance
  - Negative: Hampers performance
  - Neutral: Has no effect on performance
- Action learning: Participants learn through experience and application

# Team training (Cascio, 2003)

- Clear sense of direction
- Talented members
- Clear and enticing responsibilities
- Reasonable and efficient operating procedures
- Constructive interpersonal relationships
- Active reinforcement systems
- Constructive relationships with other teams and key organizational players who are not members

# Training methods

(Cascio, 2003)

## ■ Categories:

- Information presentation techniques
- Simulation methods
- On the job training methods

## ■ Objectives:

- Promoting self insight and environmental awareness
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# Implementing programs

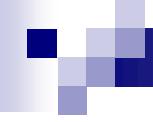
(Dessler & Varkkey, 2011)

- On the job training (OJT): Having a person learn a job by actually doing it.
- Types of on the job training:
  - Coaching or understudy method
  - Job rotation
  - Special assignments: Representative projects

# The OJT Process

(Dessler & Varkkey, 2011)

- Prepare the learner
  - Put the learner at ease
  - Explain why s/he is being taught
  - Create interest & find out what the learner already knows about the job
  - Explain the whole job & relate it to some job the worker already knows
  - Place the learner as close to the normal working position as possible
  - Familiarize the worker with equipment, materials, tools, and trade terms
- Present the operation
  - Explain quantity and quality requirements
  - Go through the job at the normal work pace
  - Go through the job at a slow pace several times, explaining each step. Explain wherever process may be perceived to be difficult
  - Repeat at a slower pace, explaining the key points
  - Have the learner explain the steps as you go through the job at a slow pace



# The OJT Process (Contd.)

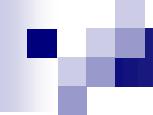
(Dessler & Varkkey, 2011)

## ■ Try out the process

- Have the learner go through the job several times, slowly explaining each step to the learner. Correct mistakes and, if necessary, do some of the complicated steps the first few times.
- Run the job at the normal pace
- Have the learner do the job, gradually building up skill and speed. As soon as the learner demonstrates ability to do the job, let the work begin, but don't abandon him/ her.

## ■ Follow up

- Designate to whom the learner should go for help
- Gradually decrease supervision, checking work from time to time
- Correct faulty work patterns before they become a habit. Show why the method you suggest is superior.
- Compliment good work.



# Apprenticeship training

(Dessler & Varkkey, 2011)

- Process by which people become skilled workers, usually through a combination of formal learning and long-term on-the-job training.
- Apprenticeship in India: Apprentices Act 1961:  
[http://mhrd.gov.in/sites/upload\\_files/mhrd/files/ApprenticeAct1961.pdf](http://mhrd.gov.in/sites/upload_files/mhrd/files/ApprenticeAct1961.pdf)

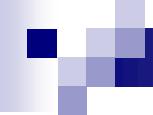
## Objectives:

- Promotion of new skills
- Improvement/ refinement of old skills through theoretical and practical training in a number of trades and occupations.

# Other types of training programs

(Dessler & Varkkey, 2011)

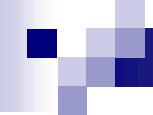
- Informal learning: Opportunities and encouragement within an organization
- Job instruction training (JIT): Step by step learning through a logical sequence of steps.
- Lectures:
  - Don't start out on the wrong foot by sounding unsure
  - Give your listeners signals about what is to come
  - Be alert to your audience
  - Maintain eye contact with the audience
  - Make sure everyone in the room can hear
  - Control your hands
  - Talk from notes rather than from a script
  - Break a long talk into a series of five minute talks
  - Practice



# Other types of training programs (Contd.)

(Dessler & Varkkey, 2011)

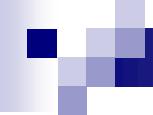
- Programmed learning: Step by step, self learning method that consists of three parts:
  - Presenting questions, facts, or problems to the learner
  - Allowing the person to respond
  - Providing feedback on the accuracy of answers
- Audiovisual based training esp. for mass training in distance mode
- Vestibule training: Trainees learn on the actual or simulated equipment they will use on the job, but are trained off the job in a vestibule that resembles actual job environment.
- Telettraining (one way) and videoconferencing (interactive)



# Other types of training programs (Contd.)

(Dessler & Varkkey, 2011)

- **Electronic Performance Support Systems (EPSS):** Computerized tools and displays that automate training, documentation, and phone support.
  - Job aid: Set of instructions, diagrams, or similar methods available at the job site to guide the worker
- **Computer based training:**
  - Programmed Instruction
  - CBT
  - Computer managed instruction
  - Intelligent computer assisted instruction
  - Intelligent tutoring systems
  - Simulations
  - Virtual reality



# Other types of training programs (Contd.)

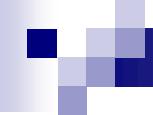
(Dessler & Varkkey, 2011)

## ■ Simulated learning:

- Virtual reality type games
- Step by step animated guide
- Scenarios with questions and decision trees overlaying simulation
- Online role play with photos and videos
- Software training including screenshots with interactive requests

## ■ Internet based training

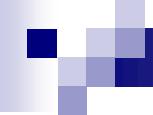
- Learning portals
- Learning management systems
- Virtual classroom: Uses special collaboration software to enable multiple remote learners, using their PCs or laptops, to participate in live audio and visual discussions, communicate via written text, and learn via shared content.



# Other types of training programs (Contd.)

(Dessler & Varkkey, 2011)

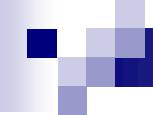
- Lifelong learning: Providing employees with continuing learning experiences over their tenure with the firm, with the aims of ensuring they have the opportunity to learn the skills they need to do their jobs and to expand their horizons.
- Voice and accent training in BPOs
- Management development: Any attempt to improve managerial performance by imparting knowledge, changing attitudes, or increasing skills.
  - Assessing the company's strategic needs
  - Appraising managers' current performance
  - Developing managers
  - Succession planning



# Managerial on the job training

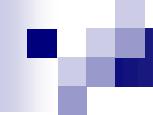
(Dessler & Varkkey, 2011)

- Job rotation: Moving managers from department to department to broaden their understanding of the business and to test their abilities
- Coaching/ understudy approach: Similar to apprenticeship
- Action learning: Give managers and others released time to work analyzing and solving problems in departments other than their own
  - Framework phase of 6 to 8 weeks – planning & collection of data
  - Action forum – 2 to 3 days – actual designing of action plans to solve problems listed above
  - Accountability sessions - review



# Off the job management training & development techniques (Dessler & Varkkey, 2011)

- Case study method: Presents a trainee with a written description of an organizational problem. Trainee analyzes the case, diagnoses the problem, & presents findings & solutions in a discussion with other trainees.
- Management games: Simulated marketplace situation.
- Outside seminars
- University related programs: In house training programs by Institutes of Higher Education
- Role playing: Creation of realistic situations and have trainees assume the parts of specific persons in that situation
- Behavior modelling:
  - Modelling: Trainer models
  - Role playing: Trainees try
  - Social reinforcement: Reinforcement & feedback to trainees
  - Transfer of training: Trainees apply training to real life
- Corporate Universities: In house development centres
- Executive coaches: Outside consultant
- Professional associations: All India Management Association, Institution of Engineers



# Creating your own training program

(Dessler & Varkkey, 2011)

- Step 1: Set training objectives
- Step 2: Use a detailed job description
- Step 3: Develop an abbreviated task analysis record form
- Step 4: Develop a job instruction sheet
- Step 5: Compile training program for the job

# Evaluating training programs

(Cascio, 2003; Dessler & Varkkey, 2011)

- Training effects one needs to measure:

- Reaction
  - Learning
  - Behavior
  - Results

- Questions one needs to ask to measure these effects

- Have the trainees achieved a specific level of skill knowledge or performance?
  - Did the change occur?
  - Is the change due to the training?
  - Is the change positively related to the achievement of organizational goals?
  - Will similar changes occur with new participants in the same training program?



*Thank You*

A large, stylized, purple cursive font "Thank You" is positioned in the center. Behind it, the words "THANK YOU" are written in a smaller, gray, sans-serif font, creating a layered effect.



# Human Resource Management

## Career Planning & Management

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# Sources

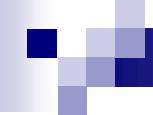
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# Career planning and management

# Definitions

(Cascio, 2003; Dessler & Varkkey, 2011)

- Career: sequence of positions occupied by a person during the course of a lifetime.
- Career consists of a sense of where one is going in one's work life.
  - Perceived talents and abilities
  - Basic values
  - Career motives and needs
- Career management: Process for enabling employees to better understand and develop their career skills and interests and to use these skills most effectively within the company and after they leave the firm.
- Career development: The lifelong series of activities that contribute to a person's career exploration, establishment, success, and fulfillment
- Career planning: The formal process through which someone becomes aware of his or her personal skills, interests, knowledge, motivations, and other characteristics; acquires information about opportunities and choices; identifies career-related goals; and establishes action plans to attain specific goals



# Challenges to career management

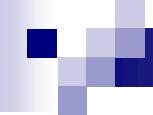
(Cascio, 2003)

- Should employees be responsible for their own career development?
- Is the new approach to corporate career management likely to be a passing fad, or is it here to stay?
- What kinds of support mechanisms are necessary to make career self management work?

# Challenges to planning careers

(Cascio, 2003)

- Rising concerns for quality of work life and for personal life planning
- Pressures to expand workforce diversity throughout all levels of an organization
- Rising educational levels and occupational aspirations coupled with
- Slow economic growth and reduced opportunities for advancement

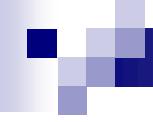


# Signs indicating the need for a career management system (Gomez-Mejia, Balkin & Cardy, 2012)

- Is the employee more interested in capitalizing on opportunities for advancement than in maintaining adequate performance?
- Does the employee devote more attention to managing the impressions s/he makes on others than to reality?
- Does the employee emphasize networking, flattery, and being seen at social functions over job performance?

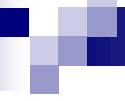
# Career success (Cascio, 2003)

- Occupational success?
- Job satisfaction?
- Growth and development of skills?
- Successful movement through various stages of life?

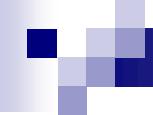


# Career management: Organizations focusing on individuals (Cascio, 2003)

- Socialization: Already discussed
- Mentoring & reverse mentoring (Older employees learn new skills from new entrants)
- Early career: Impact of the first job
  - Prior history of promotions
  - Functional area background
  - Number of different jobs held



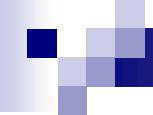
# Career management: Individuals focusing on themselves



# Self-reliance: Key to career management for the 21<sup>st</sup> century (Cascio, 2003)

- Self-assessment
- Career planning
- Supervisory training
- Succession planning

NPTEL



# Selecting a field of employment and an employer

(Cascio, 2003)

- Macro-long-range objective: Think in terms of where you ultimately want to be, recognizing that your career goals will change over time
- View every potential employer and position in terms of your long range career goal.
- Accept short-term trade-offs for long-term benefits.
- Consider carefully whether to accept highly specialized jobs or isolated job assignments that might restrict or impede your visibility and career development

# Knowing where you are

(Cascio, 2003)

- Always be aware of opportunities available to you in your current position – for instance, training programs that might further your career development
- Carefully and honestly assess your current performance. How do you see yourself, and how do you think higher management sees your performance?
- Try to recognize when you and your organization have outlived your utility for each other.

# Self development

NPT

# Domains of self development

(Smith, 2010, Hopke, 2010, & North, 2008, in Gomez-Mejia, Balkin & cardy, 2012)

## ■ Money:

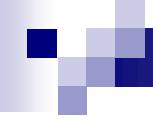
- How much do you want to make?
- How important is money to you?
- What are you willing to sacrifice to make money?

## ■ Work:

- What kind of work do you want to do?
- What kind of work fits your strengths & values?
- What kind of work do you not like to do?
- What level of responsibility do you want?

## ■ Life:

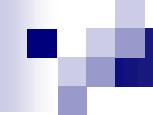
- What do you want outside of work?
- How important is family to you?



# Development suggestions

(Gomez-Mejia, Balkin & Cardy, 2012)

- Identify your mission: Business you would like to be in & the role you would like to play
- Keep learning: Identify what you can learn to improve your potential, and the skills that can add to what you currently know and help you in your larger goal in life
- Develop competencies: Look ahead and do what you need to do to take care of the larger goal in life.
- Find a mentor

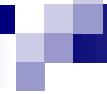


# Advancement suggestions

(Gomez-Mejia, Balkin & Cardy, 2012)

Steps you can take to improve your chances of being considered for advancement

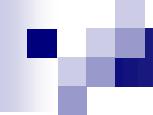
- Market yourself
- Understand business trends
- Resolve problems
- Improve your communication skills



## **Focus: Career Objective**

Planning helps you decide:

1. The number of steps you need to take to reach your objective
2. The total time you need to reach your objective
3. The amount of energy you need to reach your objective
4. The number of times you need to/ can recharge your batteries
5. The time you can spend at each step or landing

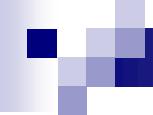


# Career Objective and Profile Summary

- Career objective – one short, crisp sentence about where you want to be at the peak of your career
- Profile summary – a short paragraph that summarizes your life and persuades the employer to read the rest of your résumé

# Exercise

1. Taking this time as your starting point, write down as crisply as possible, where you would like to be at the peak of your career, in not more than 20 words.
2. Taking this time as your starting point, develop a profile summary not more than 50 words long, to highlight your achievements till date and focus them towards the career objective you have talked about earlier.
3. Develop a roadmap for your career taking this time as your starting point, and make an outline for your plan for your journey from now to the time you achieve your career objective.



# Hewlett Packard's Career Self-management Program

(Cascio, 2003)

- A written self interview regarding their life and dreams outside of the workplace
- Strong vocational interest inventory: 325 questions to determine their preference about occupations, academic subjects, types of people, etc. – interest profile developed
- Allport-Vernon-Lindzey study of values: 45 choices among competing values in order to measure the relative strength of theoretical, economic, aesthetic, social, political, and religious values
- 24 Hour Diaries: Log of activities during one workday
- Interviews with two significant others regarding the employee
- Lifestyle representations using tools other than words<sup>255</sup>

# Planning your exit

(Cascio, 2003)

- Try to leave at your convenience, not when the organization wants you to
- Leave your current organization on good terms and not under questionable circumstances
- Don't leave your job till you've got another one

# Proactive career management

(Cascio, 2003)

## ■ Boundaryless careers:

- Portable knowledge, skills, and abilities across multiple firms
- Personal identification with meaningful work
- On the job action learning
- Development of multiple networks of associates and peer learning relationships
- Responsibility for managing one's own career



# Methods of career management

(Dessler & Varkkey, 2011)

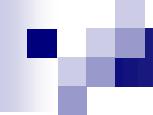
## ■ Role of employer:

- Tailored in house career management methods e.g.  
HP Career Self management program
- Career planning workshops
- Lifelong learning budgets
- Role reversal
- Career success teams
- Career coaches through organization
- Online programs

# Methods... (Contd.)

(Dessler & Varkkey, 2011)

- Commitment oriented career development efforts,  
e.g. Career oriented appraisals
- Mentoring:
  - Coaching focuses on daily tasks that you can easily re-learn
  - Mentoring focuses on relatively hard – to reverse longer term issues, and often touches on the person's psyche.
  - Effective mentoring:
    - Trust
    - Professional competence
    - Consistency
    - Ability to communicate
    - Readiness to share control



# Meeting the challenges of effective career development

(Gomez-Mejia, Balkin & Cardy, 2012)

- The assessment phase: “To identify the strengths & weaknesses of employees” to help employees
  - Choose a career that is realistically obtainable and a good fit
  - To determine the weaknesses they need to overcome to achieve their career goals

Ways:

- Self assessment
  - Career workbooks
    - Skills assessment exercise:
    - Values clarification
  - Career-planning workshops

# Career anchors

(Kanchier, 2006, Danziger, Rachman-Moore & Valkency, 2008,

Wong, 2007, & Wils, Wils & Trembley, 2010, in Gomez-Mejia, Balkin & Cardy, 2012)

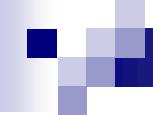
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  - Set stretch goals with the worker & empower him or her to make the decisions needed to get there
  - Offer this worker flexibility in his or her work schedule & the opportunity to work from home.

# Assessment phase (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## Organizational assessment

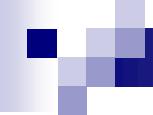
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# Direction phase of career development

(Gomez-Mejia, Balkin & Cardy, 2002)

- Involves determining the type of career that employees want & the steps they must take to realize their career goals.
  - Individual career counseling: One on one sessions with the goal of helping employees examine their career aspirations. E.g. careerplanning.com, careerjournal.com
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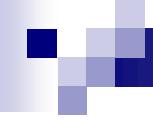


# Development phase of career development

(Gomez-Mejia, Balkin & Cardy, 2012)

Involves taking actions to create & increase skills to prepare for future job requirements

- Mentoring: Developmentally oriented relationship between senior & junior colleagues or peers that involves advising, role modeling, sharing contacts, & giving general support.
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- Inter-departmental mentoring: Coaching new employees in different departments



*Thank You*

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# Human Resource Management

## Self Development

Aradhna Malik (PhD)  
Assistant Professor  
VGSoM, IIT Kharagpur

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# Self development

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# Domains of self development

(Smith, 2010, Hopke, 2010, & North, 2008, in Gomez-Mejia, Balkin & cardy, 2012)

## ■ Money:

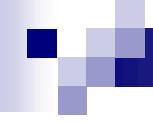
- How much do you want to make?
- How important is money to you?
- What are you willing to sacrifice to make money?

## ■ Work:

- What kind of work do you want to do?
- What kind of work fits your strengths & values?
- What kind of work do you not like to do?
- What level of responsibility do you want?

## ■ Life:

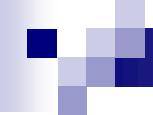
- What do you want outside of work?
- How important is family to you?



# Development suggestions

(Gomez-Mejia, Balkin & Cardy, 2012)

- Identify your mission: Business you would like to be in & the role you would like to play
- Keep learning: Identify what you can learn to improve your potential, and the skills that can add to what you currently know and help you in your larger goal in life
- Develop competencies: Look ahead and do what you need to do to take care of the larger goal in life.
- Find a mentor

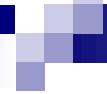


# Advancement suggestions

(Gomez-Mejia, Balkin & Cardy, 2012)

Steps you can take to improve your chances of being considered for advancement

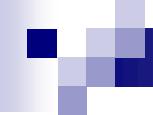
- Market yourself
- Understand business trends
- Resolve problems
- Improve your communication skills



## **Focus: Career Objective**

Planning helps you decide:

1. The number of steps you need to take to reach your objective
2. The total time you need to reach your objective
3. The amount of energy you need to reach your objective
4. The number of times you need to/ can recharge your batteries
5. The time you can spend at each step or landing

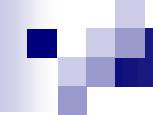


# Career Objective and Profile Summary

- Career objective – one short, crisp sentence about where you want to be at the peak of your career
- Profile summary – a short paragraph that summarizes your life and persuades the employer to read the rest of your résumé

# Exercise

1. Taking this time as your starting point, write down as crisply as possible, where you would like to be at the peak of your career, in not more than 20 words.
2. Taking this time as your starting point, develop a profile summary not more than 50 words long, to highlight your achievements till date and focus them towards the career objective you have talked about earlier.
3. Develop a roadmap for your career taking this time as your starting point, and make an outline for your plan for your journey from now to the time you achieve your career objective.



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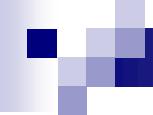
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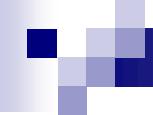
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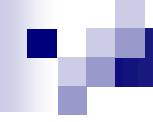


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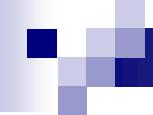
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# Methods of career management

(Dessler & Varkkey, 2011)

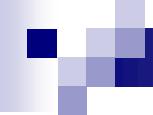
## ■ Role of employer:

- Tailored in house career management methods e.g.  
HP Career Self management program
- Career planning workshops
- Lifelong learning budgets
- Role reversal
- Career success teams
- Career coaches through organization
- Online programs

# Methods... (Contd.)

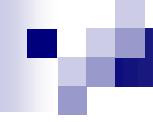
(Dessler & Varkkey, 2011)

- Commitment oriented career development efforts,  
e.g. Career oriented appraisals
- Mentoring:
  - Coaching focuses on daily tasks that you can easily re-learn
  - Mentoring focuses on relatively hard – to reverse longer term issues, and often touches on the person's psyche.
  - Effective mentoring:
    - Trust
    - Professional competence
    - Consistency
    - Ability to communicate
    - Readiness to share control



# Succession planning

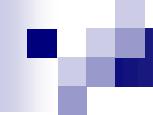
- “Succession planning is about developing potential employees for success” (Harrison, McKinnon & Terry, 2006, in Nieh & McLean, 2011)
- “A strategic process to assist organizations in identifying, selecting, training, & developing potential employees.” (McConnell, 1996, in Nieh & McLean, 2011)
- “Structured approach to create consistent & continuous leadership in the organization” (Wilcox, 2002, in Tabatabae, Lakeh & Tadi, 2014)



# Significance of succession planning

(Leibman, Bruer & Maki, 1996)

- Assuring the continuity of prepared leaders for key executive positions
- Engagement of senior management team in a disciplined process of reviewing the corporation's leadership talent
- Putting the diversity issue on the corporate agenda
- Guiding the development activities of key executives
- Re-examining corporate & business unit structure, processes & systems
- Alignment with other HR that support the leadership renewal process (e.g. selection systems, rewards)
- Contributing to the shareholder value



# Challenges to succession planning

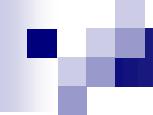
(Tabatabaee, Lakeh & Tadi, 2014)

## ■ Managerial factors:

- Management's fear of succession planning due to the possibility of change
- Lack of scientific HR management
- Managers being changed regularly, lack of responsibility by the manager
- Lack of skills, information, & awareness by the manager
- Incompetent manager

## ■ Cultural factors

- Lack of succession planning culture
- Ignoring talent in the organization
- Inappropriate organizational culture
- Fear of succession planning, not believing in successors in the organization



# Challenges to succession planning (Contd.)

(Tabatabaee, Lakeh & Tadi, 2014)

## ■ Administrative factors

- Political figures being overinvolved in position assignments
- Rules & regulations
- Lack of formal succession planning in the government

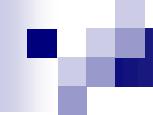
## ■ Legal factors

- Lack of training opportunities
- Lack of legal requirements regarding strategic planning

## ■ Educational factors: Lack of time & resources

## ■ Cost factors

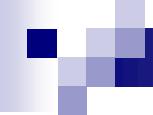
- Lack of a proper system of management
- Lack of skilled managers



# Steps to effective succession planning

(McIntyre-Smith, 2005)

1. Get your house in order
2. Prepare an information package
3. Determine price range/ compensation
4. Determine negotiables
5. Set a date
6. Spread the word
7. Meet & greet
8. Select the winner
9. Come to an agreement
10. Announcements & transitions
11. Honor post-deal commitments



# Making promotion decisions

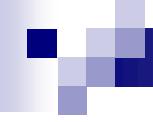
(Dessler & Varkkey, 2011)

## ■ Types of decisions:

- Decision 1: Is seniority or competence the rule?
- Decision 2: How should we measure competence?
- Decision 3: Is the process formal or informal?
- Decision 4: Vertical, horizontal, or other?

## ■ Sources of bias:

- Gender
- Race/ community
- Horns/ halo effect

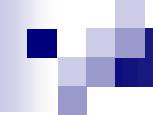


# Managing retirements

(Dessler & Varkkey, 2011)

## ■ Methods:

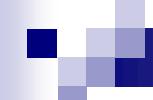
- Create a culture that honors experience
- Modify selection procedures
- Offer flexible or part time work
- Phased retirement
- Pre-retirement counselling:
  - Retirement benefits
  - Leisure time
  - Financial and investment counseling
  - Health
  - Psychological counseling
  - Counseling for re-employment outside/ within the same company



# Dual career couples: Problems and opportunities

(Cascio, 2003)

- Work schedules
- Working in the office vs. flexi-timings vs. telecommuting
- Balancing and sharing work and family responsibilities
- Travel
- Finances
- Transfers



# Managing men and women mid career

(Cascio, 2003)

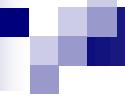
## ■ Challenges:

- Awareness of advancing age and an awareness of death
- Awareness of body changes related to aging
- Knowing how many career goals have been or will be attained
- Search for new life goals
- Marked change in family relationships
- Change in work relationships: senior vs. newbie
- Growing sense of obsolescence at work: Plateaued worker
- Feeling of decreased job mobility and increased concern for job security

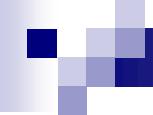
# Managing older workers

(Cascio, 2003)

- Productivity: Coherence between ability and activity and job
- Preparedness for change
- Absence
- Tendency for accidents on the job
- Interpersonal relationships at work
- Cost of employee benefits
- Flexibility regarding the work assigned
- Interruptions and ego issues
- Training opportunities
- Maintenance of records
- Suitability and modification of performance appraisal systems



# Career management: Organizations focusing on their own maintenance and growth



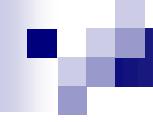
# Development of a career system composed of individual career paths

(Cascio, 2003)

- Step 1: Analyze jobs to determine similarities and differences among them
- Step 2: Group jobs with similar behavioral requirements into job families
- Step 3: Identify career paths within and among job families
- Step 4: Integrate the overall network of career paths into a single career system

# Requirements of career paths (Cascio, 2003)

- Representation of real progression possibilities, without implied 'normal' rates of progress or forced specialization in a technical area
- Tentativeness and responsiveness to changes in job content, work priorities, organizational patterns, and management needs
- Flexibility in terms of recognition of employee needs and priorities
- Specification of skills, knowledge, and other attributes to perform effectively at each position along the paths, and clear directions on how they can be acquired.



# Reasons for failure of organizational career management systems

(Cascio, 2003)

- Employees believe that supervisors do not care about their development
- Neither the employee nor the organization are fully aware of the employee's needs and organizational constraints
- Career plans are developed without regard for the support systems necessary to fulfill the plans

# Internal staffing decisions: Patterns of career change (Cascio, 2003)

- Promotions
- Demotions
- Transfers and relocations
- Layoffs, retirements, and resignations

<u>Direct costs</u>	<u>Indirect costs</u>
Severance pay, pay in lieu of notice	Recruiting and employment cost of new hires
Accrued vacation & sick pay	Training and recruiting
Supplemental unemployment benefits	Increase in unemployment tax rate
Outplacement	Potential charges of unfairness & discrimination
Pension & benefit payoffs	Low morale among remaining employees
Administrative processing costs	Heightened insecurity and reduced productivity

# Employee separations

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Concepts

- “Employee separation occurs when an employee ceases to be a member of an organization.”
- “Turnover rate is a measure of the rate at which employees leave the firm”

## ■ Benefits

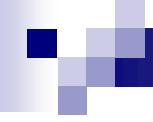
- Reduced labor costs
- Replacement of poor performance
- Increased innovation
- Opportunity for greater diversity

# Costs involved in employee separations

(Gomez-Mejia, Balkin & Cardy, 2012)

- Recruitment
  - Advertising
  - Campus visits
  - Recruiter time
  - Search firm fees
- Selection
  - Interviewing & Testing
  - Reference checks
  - Relocation
- Training
  - Orientation
  - Direct training
  - Trainer's time
  - Lost productivity during training
- Separation
  - Separation pay & benefits
  - Benefits
  - Unemployment insurance cost
  - Exit interview
  - Outplacement assistance
  - Vacant position

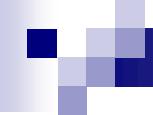
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# Types of separation

(Gomez-Mejia, Balkin & Cardy, 2012)

- Voluntary separation: Occurs when an employee decides, for personal or professional reasons, to end the relationship with the employer.
  - Quitting
  - Retirement
- Involuntary separation: “Occurs when management decides to terminate its relationship with an employee due to (1) economic necessity, or (b) poor fit between employee & the organization
  - Discharge due to poor fit (poor performance or unacceptable behavior)
  - Layoff, downsizing & rightsizing due to necessity to cut costs & improve efficiency by reallocation of responsibility among current employees



# Handling layoffs in small business

(Aubry, 2009, Karlin, 2010, & Robertson & Sullivan, 2010, in Gomez-Mejia, Balkin & Cardy, 2012)

- Be clear about the reason for the layoff
- Explain layoff criteria
- Take legal precautions

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# Implementing a layoff

(Gomez-Mejia, Balkin & Cardy, 2012)

- Notifying employees ahead of time
- Developing layoff criteria
- Communicating to laid off employees as sensitively as possible
- Coordinating media relations
- Maintaining security
- Reassuring survivors of the layoff

# Handling survivors of layoffs

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Reasons for survivor anxiety (Brink, 2008, Kennedy, 2005, & Atchison, 2009, in

Gomez-Mejia, Balkin & Cardy, 2012):

- More work
- Unsettling changes
- Self-assessment of contribution
- Guilt
- Depression

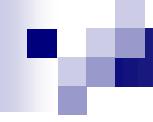
## ■ Keeping up morale & performance of survivors (Marshall, 2005,

in Gomez-Mejia, Balkin & Cardy, 2012):

- What can you control
- Do you show appreciation to your employees & make work fun?
- Are you listening?
- Are you helping employees see the importance of their work?

# Alternatives to Layoffs (Gomez-Mejia, Balkin & Cardy, 2012)

- Employment policies
  - Reduction through attrition
  - Hiring freeze
  - Cut part-time employees
  - Cut internships or co-ops
  - Give subcontracted work to in-house employees
  - Voluntary time off
  - Leaves of absence
  - Reduced work hours
- Changes in job design
  - Transfers
  - Relocation
  - Job sharing
  - Demotions
- Pay & benefits policies
  - Pay freeze
  - Cut overtime pay
  - Use vacation & leave days
  - Pay cuts
  - Profit sharing or variable pay
- Training - Retraining



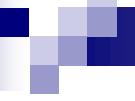
# One of the most acceptable alternative to layoffs: Job sharing (Cascio, 2003)

## ■ Advantages

- Availability of complete pool of talent and creativity
- Continuation of benefits for everyone
- Reduction of overtime
- Retention of career orientation and potential for upward mobility
- Elimination of the need for training temporary employees

## ■ Disadvantages

- Perceived lack of job continuity
- Inconsistent supervision
- Accountability scattered/ divided among several employees
- No reduction in non salary expenses
- Unionization may pose resistance



**TEL**

*Thank You*



# Human Resource Management

## Compensation

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# Sources

- Cascio, W. F. (2003). *Managing Human Resources: Productivity, Quality of Work Life, Profits*. New Delhi: Tata McGraw Hill.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7<sup>th</sup> Ed.)*. New Delhi: PHI Ltd.

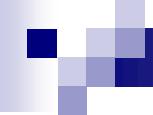
# Compensation

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# What is compensation?

(Gomez-Mejia, Balkin & Cardy, 2012)

- Total compensation = Base compensation + pay incentives +benefits
- Base Compensation: “Fixed pay an employee receives on a regular basis, either in the form of a salary or as an hourly wage.”
- Pay incentives: “Programs designed to reward employees for good performance.”
- Benefits or indirect compensation: Additional programs to enhance the level of comfort of the employee in the non-work aspect of life. These include health insurance, vacations, etc.
  - Perquisites: Type of benefits (also called perks) that are “...available to employees with some special status in the organization.”



# Designing a compensation system

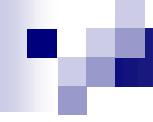
(Gomez-Mejia, Balkin & Cardy, 2012)

- Challenges of offering a wide variety of pay policies & procedures:
  - Designing a compensation system that is aligned with the strategic objectives of the organization
  - Rooted in and adapted to the “...firm’s unique characteristics & environment.”

# Assessment of equity

(Cascio, 2003, Gomez-Mejia, Balkin & Cardy, 2012)

- Internal equity: In terms of the relative worth of individual jobs to an organization, are pay rates fair?
- External equity: Are the wages paid by an organization ‘fair’ in terms of competitive market rates outside the organization?
- Individual equity: Is each individual’s pay ‘fair’ relative to that of other individuals doing the same or similar jobs?
- Fair pay: “Pay that employees generally view as equitable.”



# Determination of equitable pay for work

(Cascio, 2003)

- Each assumes that employees perceive a fair return for what they contribute to their jobs
- All include the concept of social comparison, whereby employees determine what their equitable return should be after comparing their inputs and outcomes with those of their peers and coworkers
- The theories assume that employees who perceive themselves to be in an inequitable situation will seek to reduce that inequity.

# Internal vs. external equity

(Gomez-Mejia, Balkin & Cardy, 2012)

- Fair pay: “Pay that employees generally view as equitable.”
- Internal equity: “The perceived fairness of the pay structure within a firm.”
- External equity: “The perceived fairness of pay relative to what other employees are paying for the same type of labor.”

# Criteria for developing a compensation plan

(Gomez-Mejia, Balkin & Cardy, 2012)

- Internal vs. external equity: Will the compensation plan be perceived as fair within the company, or will it be perceived as fair relative to what other employers are paying for the same type of labor?
- Fixed vs. variable pay: Will compensation be paid monthly on a fixed basis – through base salaries – or will it fluctuate depending on such pre-established criteria such as performance & company profits?
- Performance vs. membership: Will compensation emphasize performance & tie pay to individual or group contributions, or will it emphasize membership in the organization – logging in a prescribed number of hours each week & progressing up the organizational ladder?
- Job vs. individual pay: Will compensation be based on how the company values a particular job, or will it be based on how much skill & knowledge an employee brings to that job?
- Egalitarianism vs. elitism: Will the compensation plan place most employees under the same compensation system (egalitarianism) or will it establish different plans by organizational level and/ or employee group (elitism)?

# Criteria for developing a compensation plan (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- Below-market vs. above-market compensation: Will employees be compensated at below-market levels, at market-levels, or at above-market levels?
- Monetary vs. nonmonetary awards: Will the compensation plan emphasize motivating employees through monetary rewards like pay & stock options, or will it stress nonmonetary rewards such as interesting work & job security?
- Open vs. secret pay: Will employees have access to information about other workers' compensation levels & how compensation decisions are made (open pay) or will this knowledge be withheld from employees (secret pay)?
- Centralization vs. decentralization of pay decisions: Will compensation decisions be made in a tightly controlled central location, or will they be delegated to managers of the firm's units?

# Models that can be used to ensure equity of compensation (Gomez-Mejia, Balkin & Cardy, 2012)

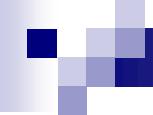
- Distributive justice model: “Holds that employees exchange their contributions or input to the firm (skills, effort, time, & so forth) for a set of outcomes.”:
  - “Employees are constantly comparing what they bring to the firm & what they receive in return, &
  - Employees are constantly comparing this input/outcome ration with that of other employees within the firm.”
  - “Employees will think they are fairly paid when the ratio of their inputs & outputs is equivalent to that of other employees whose job demands are similar to their own.”
- Labor market model: “Wage for any given occupation is set at a point where the supply of labor equals the demand for labor in the marketplace.

# Balancing equity

(Gomez-Mejia, Balkin & Cardy, 2012)

- A firm should try to establish both internal & external equity
- Challenges:
  - Overperforming employees / 'Superstars'
  - Underperforming employees/ laggards
  - Retention of needed expertise without having to raise salary
  - ....

Discuss in class/ with peers: Try to come up with strategies to establish internal & external equity in different types of organizations.



# Strategic integration of compensation plans and business plans

(Cascio, 2003)

- Recognition of compensation as a pivotal control and incentive mechanism that can be used flexibly by management to attain business objectives
- Integration of pay systems and business strategy formulation
- Integration of pay considerations into strategic decision making processes
- Viewing organization's performance as the ultimate criterion of the success of strategic pay decisions and operational compensation programs

# Performance vs. membership

(Gomez-Mejia, Balkin & Cardy, 2012)

- *Performance-contingent compensation:*  
Traditional piece-rate plans (pay based on units produced), sales commissions, awards.
- *Membership-contingent compensation:*  
“Provision of same or similar wage to every employee in a given job, as long as the employee achieves at least satisfactory performance... Salary progression occurs by moving up in the organization, not by doing the present job better.”

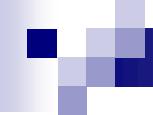
# Job vs. individual pay

(Gomez-Mejia, Balkin & Cardy, 2012)

- Knowledge based pay or skill-based pay: “Employees are paid on the basis of the jobs they can do or the talents they have that can be successfully applied to a variety of tasks & situation.”

Works best in situations where:

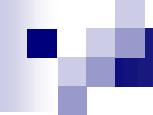
- Technology is stable
- Jobs do not change often
- Employees do not need to cover for one another frequently
- Much training is required to learn a given job
- Turnover is relatively low
- Employees are expected to move up through the ranks over time
- Jobs are fairly standardized within the industry



# Individual based pay system works best when

(Gomez-Mejia, Balkin & Cardy, 2012)

- “The firm has a relatively educated workforce with both the ability & the willingness to learn different jobs
- The company’s technology & organizational structure change frequently
- Employee participation & teamwork are encouraged throughout the organization
- Opportunities for upward mobility are limited
- Opportunities to learn new skills are present
- The costs of employee turnover & absenteeism in terms of lost production are high
- Individual-based pay plans are common in manufacturing environments that rely on continuous-process technologies.”



# Determinants of pay structure and level

(Cascio, 2003)

- Labor market conditions
- Legislation
- Collective bargaining
  - Level of wages
  - Behavior of workers in relevant labor markets
- Managerial attitudes and an organization's ability to pay

# Overview of pay system mechanics

(Cascio, 2003)

## ■ Updated job descriptions

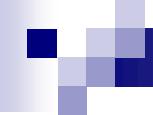
### □ Purposes

- Identification of important characteristics of each job so that the relative worth of jobs can be determined
- Identification, definition and weighing of compensable factors

## ■ Job evaluation method

## ■ Pay surveys

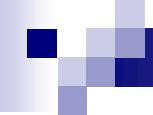
## ■ Pay structure



# Traditional job based compensation model

(Cascio, 2003)

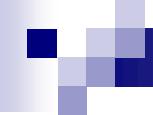
1. Important job characteristics
2. Compensable factors
3. Job evaluation to rate the relative worth of jobs
4. Job hierarchy
5. Pay rates to attach pay rates in jobs
6. Pay structures to classify jobs by grade levels
7. Assignment of individual pay within a range for each job



# Policy issues affecting job evaluation

(Cascio, 2003)

- Perception of management regarding differences between jobs
- Possibility to identify and operationalize meaningful criteria for distinguishing between jobs
- Ability to communicate these differences convincingly to employees
- Current and future stability of jobs
- Consistency in job evaluation



# Linking internal pay relationships to market data

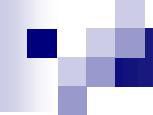
(Cascio, 2003, Gomez-Mejia, Balkin & Cardy, 2012)

- Benchmark jobs: Assurance of similarity of salary for similar jobs in the industry by using salary surveys
- Relevant labor markets:
  - Assurance of an accurate job match
  - At-risk forms of pay, some of which are based on individual performance and some on the profitability of the organization



# Developing a pay structure (Cascio, 2003)

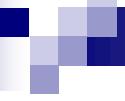
- Jobs of the same general value should be clustered into the same pay grade
- Jobs that clearly differ in value should be in different pay grades
- There should be a smooth progression of point groupings
- The new system should fit realistically into the existing allocation of pay within a company
- The pay grades should conform reasonably well to pay patterns in the relevant labor markets<sub>329</sub>



# Compensation tools

(Gomez-Mejia, Balkin & Cardy, 2012)

- Job-based approaches: “Assume that work gets done by people who are paid to perform well-defined jobs. Each job is designed to accomplish specific tasks, & is normally performed by several people. Because all jobs are not equally important to the firm, & the labor market puts a greater value on some jobs than on others, the primary objective of the compensation system is to allocate pay so that the most important jobs pay the most.”
- Skill based approach: “Assumes that workers should be paid not according to the job they hold, but rather by how flexible or capable they are at performing multiple tasks.”



**TEL**

*Thank You*



# Human Resource Management

## Pay & Incentive Systems

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# Pay and incentive systems

# Sources

- Cascio, W. F. (2003). *Managing Human Resources: Productivity, Quality of Work Life, Profits*. New Delhi: Tata McGraw Hill.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7<sup>th</sup> Ed.)*. New Delhi: PHI Ltd.

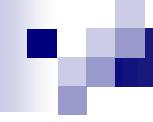
# The trust gap (Cascio, 2003)

## ■ Why?

- Disparity in incentives between top management, middle management, and frontline workers
- Dwindling confidence in competence of top management

## ■ Challenges posed by trust gap

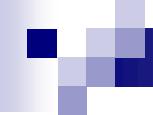
- Unfairness and the reasons thereof
- Predictable consequences of trust gap
- Strategies to deal with trust gap



# Changing philosophies regarding pay systems

(Cascio, 2003)

- Increased willingness to reduce the size of the workforce and to restrict pay to control the costs of wages, salaries, and benefits
- Less concern with pay position relative to that of competitors and more concern with what the company can afford
- Implementation of programs to encourage and reward performance – variable pay



# Changing salary administration systems

(Cascio, 2003)

## ■ Cost containment actions:

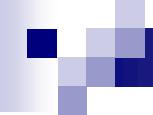
- Understand economic and legal factors that determine pay levels
- Tie compensation strategy to general business strategy
- Address key policy issues
- Develop systematic pay structures

## ■ Paying what the company can afford

## ■ Programs that encourage and reward performance

# Components and objectives of organizational reward systems (Cascio, 2003)

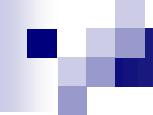
- Includes anything an employee values and desires that an employer is able and willing to offer in exchange for employee contributions
- Reward systems
  - Financial
    - Direct (Salaries)
    - Indirect (Benefits)
  - Nonfinancial
    - Protection programs
    - Employee engagement in decision making
    - Effective supervision
    - Recognition
    - Training opportunities
    - Supportive nurturing organizational culture



# Alternatives to pay systems based on job evaluation

(Cascio, 2003)

- Market based pay: Direct market pricing approach for all of the firm's jobs
- Competency based pay: Workers are paid not on the basis of the job they currently are doing but rather on the basis of the number of jobs they are capable of doing
  - Supportive HRM philosophy
  - Profit sharing and participative management
  - Job enrichment
  - Frequent changes in technology and organization structure
  - Employee exchanges: Rotation and transfers
  - Learning opportunities
  - High employee turnover
  - Value for teamwork and opportunity to participate



# Policy issues in pay planning and administration

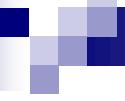
(Cascio, 2003)

- Pay secrecy
  - Based on
    - Work and business related rationale on which the system is based
    - Pay ranges
    - Pay increase schedules
    - Availability of pay related data from the compensation department
  - Forces managers to defend their pay decisions and practices publicly
  - Cost of mistaken pay decision escalates, since all the system's inconsistencies and weaknesses become visible once the cloak of secrecy is lifted
  - Open pay might induce some managers to reduce differences in pay among subordinates in order to avoid conflict and the need to explain such differences to disappointed employees

# Policy issues (Contd.)

(Cascio, 2003)

- Effect of inflation
- Pay compression: Narrowing of the ratios of pay between jobs or pay grades in a firm's pay structure
  - Higher starting salaries for new hires, which lead long term employees to see only a slight difference between their current pay and that of new hires
  - Hourly pay increases for unionized employees that exceed those of salaried and nonunion employees
  - Recruitment of new college graduates for management or professional jobs at salaries above those of current jobholders
  - Excessive overtime payments to some employees or payment of different overtime rates
- Pay raises: Merit charts



# Rewarding Performance

# Performance incentives

(Cascio, 2003)

## ■ Requirements:

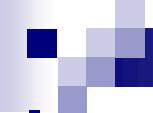
- Simplicity
- Specificity
- Attainability
- Measurability

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# Incentives for executives

(Cascio, 2003)

- Why use long term incentive plans for senior executives?
  - Since short term incentives are indicative of and a result of short term productivity, their perceived value is short-lived
  - Long term plans encourage
    - Stability for senior management
    - Development of new processes, plants and products that open new markets and restore old ones
    - Designing of strategic gains rather than short term contribution to profits
    - Ownership of processes and results



# Incentives for lower level employees

(Cascio, 2003)

## ■ Setting workload standards:

### Management's responsibility

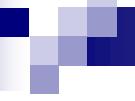
- Describe the job by means of job analysis
- Do a motion study – decide how the job is to be done
- Do a time study – decide how fast the job should be done

### Guidelines

- High repetitiveness
- Short job cycle
- Clear measurable output

### Affected by

- Type of product or service
- Method of service delivery
- Degree of quantification of service and/ or product
- Organizational needs including legal and social pressures



*Thank You*

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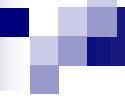
# Human Resource Management

## Pay & Incentive Systems

Aradhna Malik (PhD)

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# Pay and incentive systems

# Team incentives

(Cascio, 2003)

## ■ Advantages

- Make it possible to reward workers who provide essential services to line workers (indirect labor), yet who are paid only regular base pay
- Encourage cooperation, not competition, among workers

## ■ Disadvantages

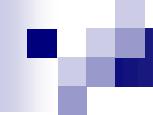
- Fear that management will cut rates (or employees) if employees produce too much
- Competition between teams
- Inability of workers to see their individual contributions to the output of the team. If they don't see the link between their individual effort and increased rewards, they will not be motivated to produce more

# Organization-wide incentives

(Cascio, 2003)

- Profit sharing: A percentage of the annual profit is disbursed to employees annually
- Gain sharing: Productivity based. Disbursed more frequently – quarterly or semiannually. Encouraged through participative management and cooperation to result in behavior modification

Differences between profit sharing and gain sharing to be tabulated by students



# Organization incentives (Contd.)

(Cascio, 2003)

## ■ Employee stock ownership plans (ESOPs)

### □ Reasons

- Mergers and acquisitions
- Inexpensive way of borrowing money
- Enhance belief in employee ownership
- Additional employee benefit

### □ Conditions for success

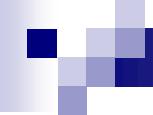
- Large contributions by company to the plan
- Commitment of management to employee ownership
- Involvement of employees in decision making
- Transparency in communication
- Employee centric plans

# Pay for performance systems

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Assumptions:

- Individual employees and work teams differ in how much they contribute to the firm – not only in what they do, but also in how well they do it
- The firm's overall performance depends to a large degree on the performance of individuals and groups within the firm
- To attract, retain, & motivate high performers & to be fair to all employees, a company needs to reward employees on the basis of their relative performance



# Challenges of pay for performance systems

(Gomez-Mejia, Balkin & Cardy, 2012)

- “The ‘Do only what you get paid for’ syndrome
- Unethical behaviors
- Negative effects on the spirit of cooperation
- Lack of control
- Difficulties in measuring performance
- Psychological contracts (Set of expectations based on prior experience)
- Credibility gap
- Job dissatisfaction & stress
- Potential reduction of intrinsic drives”

# Steps in creating job-based compensation plans

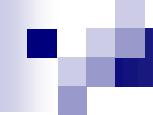
(Gomez-Mejia, Balkin & Cardy, 2012)

- Achieving internal equity: Job evaluation (“Process intended to provide a rational orderly, & systematic judgment of how important each job is to the firm”)
  - Conduct job analysis
  - Write job descriptions
  - Determine job specifications
  - Rate worth of all jobs using a predetermined system using compensable factors (work-related criteria that the organization considers most important in assessing the relative value of different jobs)
  - Create a job hierarchy based on the above
  - Classify jobs by grade levels using:
    - Ranking system (Sorting jobs into grades without using a point system)
    - Factor comparison (Jointly using point and ranking system)
    - Policy capturing (Estimation of relative value of each job based on the firm’s existing practices, using mathematical analysis)

# Drawbacks of job-based compensation plans

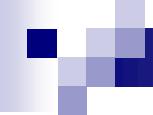
(Gomez-Mejia, Balkin & Cardy, 2012)

- Do not take into account the nature of the business & its unique problems
- Subjective & arbitrary
- With new developments, jobs have become more broadly defined & generalized. Evaluation of relative importance of jobs is difficult.
- Tend to be bureaucratic, mechanistic, & inflexible. Difficult to implement variable pay. Also difficult to adapt to changes in economy.
- Wage & salary data obtained from market surveys are not definitive.
- Employee's perception of equity counts more than employer's perception of equity. These plans are not employee friendly.
- Not comfortable for freelancers and knowledge workers like educators & researchers who compete for work in an open market, and are creative multitaskers.



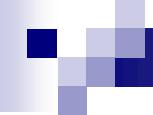
# Job-based compensation plans: Suggestions for practice (Gomez-Mejia, Balkin & Cardy, 2012)

- Think strategically in making policy decisions concerning pay
- Secure employee input
- Increase each job's range of pay while expanding its scope of responsibility
- Suggestions for job banding:
  - Examine statistical evidence periodically to ensure that the job-evaluation system is doing what it is supposed to
  - Expand the proportion of employees' pay that is variable (bonuses, stock plans, & so forth)
  - Develop policies for so-called knowledge workers that specify the types of paid external opportunities they may pursue while still remaining employed by the firm
  - Establish dual-career ladders for different types of employees to that moving into management ranks or up the organizational hierarchy is not the only way to receive a substantial increase in pay.



# Meeting the challenges of pay-for performance systems (Gomez-Mejia, Balkin & Cardy, 2012)

- Link pay & performance appropriately:
  - Piece rate systems: “Workers are paid per unit produced”
- Use pay for performance as part of a broader HRM system
- Build employee trust
- Promote the belief that performance makes a difference
- Use multiple layers of rewards
- Increase employee involvement
- Stress the importance of acting ethically
- Use motivation & nonfinancial incentives



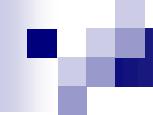
# Types of pay for performance plans

(Gomez-Mejia, Balkin & Cardy, 2012)

- Individual based plans:
  - Merit pay: “Consists of an increase in base pay, normally given once a year.”
- Bonus programs: Lump-sum payments: One time
- Awards: Tangible prizes

# Merit pay systems (Cascio, 2003)

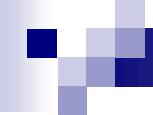
- Reasons for low success rates:
  - Incentive value is too low (net cash in hand after taxes)
  - Link between performance and rewards is weak
  - Supervisors often resist performance appraisal
  - Union contracts influence pay for performance decisions within and between organizations
  - Annuity problems: Money received as lump sum, so employees tend to slack. Topping out – employees reach the top of their pay scale and then start slacking as there is no real incentive to move on.
- Solution to the above
  - Change from merit based to target based
- Guidelines for effective merit pay systems
  - Establish high standards of performance
  - Develop accurate performance appraisal systems
  - Train supervisors in the mechanics of performance appraisal and in the art of giving feedback to subordinates
  - Tie rewards closely to performance
  - Use a wide range of increases. Make increases meaningful.



# Advantages of individual pay-for performance plans

(Gomez-Mejia, Balkin & Cardy, 2012)

- Performance that is rewarded is likely to be repeated: Expectancy theory
- Individuals are goal oriented & financial incentives can shape an individual's goals over time
- Assessing the performance of each employee individually helps the firm achieve individual equity
- Individual based plans fit in with an individualistic culture



# Disadvantages of individual-based pay for performance plans

(Gomez-Mejia, Balkin & Cardy, 2012)

- Tying pay to goals may promote single-mindedness
- Many employees do not believe that pay & performance are linked
- Individual pay plans may work against achieving quality goals
- Individual based plans promote inflexibility in some organizations

# Individual based plans are most likely to succeed when

(Gomez-Mejia, Balkin & Cardy, 2012)

- When the contributions of individual employees can be accurately isolated
- When the job demands autonomy
- When cooperation is less critical to successful performance or when competition is to be encouraged

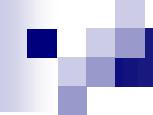
# Factors commonly blamed for the failure of individual based pay for performance systems (Gomez-Mejia, Balkin & Cardy, 2012)

- Performance appraisal is inherently subjective, with supervisors evaluating subordinates according to their own preconceived biases
- Regardless of the appraisal form used, supervisors tend to manipulate the ratings
- Merit systems emphasize individual rather than group goals, & this may lead to dysfunctional conflict in the organization
- To maintain an effective working relationship with all subordinates & prevent interpersonal conflict within the team, the supervisor may be reluctant to single out individuals for special recognition with play
- The use of a specified time period for the performance evaluation encourages a short-term orientation at the expense of long-term goals
- Employees try to defend their ego by ignoring negative performance feedback blaming the organization for their problems
- Supervisors & employees seldom agree on the evaluation, leading to interpersonal confrontations
- Supervisors often do not know how to justify a particular pay raise recommendation to an employee

# Factors commonly blamed ...(Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- Increments in financial rewards are spaced in such a way that their reinforcement value for work behaviors is questionable.
- Individual merit pay systems are less appropriate for the service sector. In knowledge-based jobs, it is even difficult to specify what the desired product is.
- Supervisors typically control a rather limited amount of compensation, so merit pay differentials are normally quite small &, therefore, of questionable value
- A number of bureaucratic factors that influence the size & frequency of merit pay (e.g. position in salary range, pay relationships within the unit & between units, & budgetary limitations) have little to do with employee performance
- Performance appraisals are designed for multiple purposes (training & development, selection, work planning, compensation, etc.) When a system is used to accomplish so many objectives, it is questionable whether it can accomplish any of them well. It is difficult for the supervisor to play the role of a counselor or advisor, and evaluator at the same time



# Team based plans

(Gomez-Mejia, Balkin & Cardy, 2012)

- Reward all team members equally, based on group outcomes.
- Advantages:
  - Foster group cohesiveness
  - Aid performance measurement
- Disadvantages:
  - Possible lack of fit with individualistic cultural values
  - Free-riding effect
  - Social pressures to limit performance
  - Difficulties in identifying meaningful groups
  - Intergroup competition leading to a decline in overall performance

# Team based performance plans are likely to succeed when

(Gomez-Mejia, Balkin & Cardy, 2012)

- Work tasks are so intertwined that it is difficult to single out who did what
- Firm's organization facilitates the implementation of team-based incentives when:
  - There are few levels in the hierarchy, & teams of individuals at the same level are expected to complete most of their work with little dependence on supervisors or upper management
  - Technology allows for the separation of work into relatively self-contained or independent groups
  - Employees are committed to their work & are intrinsically motivated
  - The organization needs to insist on group goals
  - Team based incentives can help blend employees with diverse backgrounds
- The objective is to foster entrepreneurship in self-managed work groups

# Plant-wide plans

(Gomez-Mejia, Balkin & Cardy, 2012)

- Reward all workers in a plant or business unit based on the performance of the entire plant or unit
- Advantages:
  - Productivity
  - Efficiency
  - Commitment
- Disadvantages:
  - Protection of low performers
  - Problems with the criteria used to trigger rewards
  - Management-labor conflict

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# Conditions favoring plant-wide plans

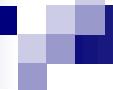
(Gomez-Mejia, Balkin & Cardy, 2012)

- Firm size
- Technology
- Historical performance
- Corporate culture
- Stability of the product market

# Corporate-wide plans

(Gomez-Mejia, Balkin & Cardy, 2012)

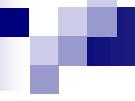
- Reward employees based on the entire corporation's performance, e.g. profit sharing, employee stock ownership plans, etc.
- Advantages:
  - Financial flexibility for the firm
  - Increased employee commitment
  - Tax advantages
- Disadvantages:
  - Employees may be at considerable risk as in ESOPs
  - High exposure to macroeconomic forces
  - Large effect on productivity
  - Long-run financial difficulties



# Conditions favoring corporatewide plans

(Gomez-Mejia, Balkin & Cardy, 2012)

- Firm size
- Interdependence of different parts of the business
- Market conditions
- Presence of other incentives



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*Thank You*

# Principles of HRM

## Benefits

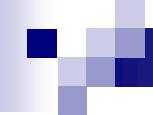
Aradhna Malik (PhD)

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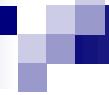
# Sources

- Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises*. NY: Routledge.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7<sup>th</sup> Ed.)*. New Delhi: PHI Ltd.



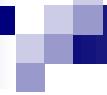
# What? (Gomez-Mejia, Balkin & Cardy, 2012)

- Employee benefits: “Group membership rewards that provide security for employees and their family members.”
- Indirect compensation: “They are given to employees in the form of a plan (such as health insurance) rather than cash.”



# Why? (Gomez-Mejia, Balkin & Cardy, 2012)

- Benefits issues are important to employees
- Benefits are a powerful recruiting tool
- Benefits help retain talented employees
- Certain benefits play a part in managerial decisions
- Benefits are important to managers

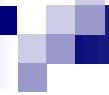


# Basic terminology

(Gomez-Mejia, Balkin & Cardy, 2012)

- Contributions
- Coinsurance
- Copayment
- Deductible
- Flexible benefits program

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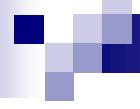


# Types of benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Legally required benefits
- Health insurance
- Retirement
- Insurance
- Paid time off
- Employee services

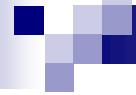
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# Benefits strategy

(Gomez-Mejia, Balkin & Cardy, 2012)

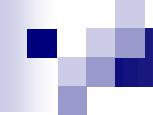
- Benefits mix: “Complete package of benefits that a company offers its employees.”
  - Total compensation strategy
  - Organizational objectives
  - Characteristics of the workforce
- Benefits amount
- Flexibility of benefits choice: “Degree of freedom an employees have to tailor the benefits package to their personal needs. Corresponds to the ‘centralization versus decentralization of pay’”



# Legally required benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Social security (US): Provides:
  - “Income for retirees, the disabled, and survivors of deceased workers
  - Health care for the aged”
- Retirement income: Commonly known as pension in India
- Medical care
- Survivor benefits: Pension schemes for surviving dependent family members of personnel killed in the line of duty



# Workers' Compensation

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Provides medical care, continuation, and rehabilitation expenses for people who sustain job-related injuries or sickness.”
- Management of workers’ compensation:
  - Provision of safe work procedures
  - Auditing claims of workers’ compensation
  - Aligning workers’ compensation with health insurance schemes of employees
  - Ensuring safe work design to minimize work related injuries
  - Provision of ‘*modified duty plans*’ for injured or temporarily disabled personnel – e.g. permitting an employee flexible work hours during recovery, or assigning shop floor workers to desk jobs during recovery

# Unpaid Leave

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Conditions:

- Personal reasons – family care, death in the family, etc.
- Further education
- Personal health issues
- ...

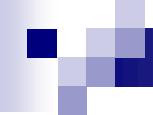
## ■ Management of return to work after unpaid leave: Laws vary by country

- Employment assured
- Re-assignment of work/ position equal to or higher than the one at the time of proceeding on leave
- Receipt of unconditional pay raises, e.g. DA, increments, etc.
- No break in service

# Voluntary benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Health Insurance: “Provides health care coverage for both employees and their dependents.”
  - Traditional health insurance: “Provided by an insurance company that acts as an intermediary between patient and health care provider”
  - Health maintenance organization: “Health care plan that provides comprehensive medical services for employees and their families at a flat annual fee”
  - Preferred provider organizations: “Health care plan in which an employer or insurance company establishes a network of doctors & hospitals to provide a broad set of medical services for an annual flat fee per participant.”
  - Health savings accounts: “Let individuals save money for a qualified health plan that has a high deductible” Usually non taxable. Prevalent in the US.



# Managing health care benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Develop a self-funding arrangement for health insurance
- Coordinate health insurance plans for families with two working spouses
- Develop a wellness program for employees
- Offer high deductible health plans for employees

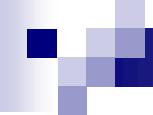
# Insurance plans (Gomez-Mejia, Balkin & Cardy, 2012)

- Life insurance: “...benefit to the survivors of a deceased employee”
- Long term disability insurance: “Provides replacement income to disabled employees who cannot perform their essential job duties.”

# Paid time off

(Gomez-Mejia, Balkin & Cardy, 2012)

- Sick leave: “Provides full pay for each day that an employee experiences a short term illness or disability that interferes with his or her ability to perform the job.”
- Management of sick leave:
  - “Wellness pay programs”: Incentives for people who do not fall sick – Ethical issues ....
  - Flexible working hours to help employees balance work and personal lives and family needs
  - Accruing sick leave as encashable leave
  - Provision of casual leave



# Paid time off (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- Vacations
- Severance pay: Golden handshake
- Holidays and other paid time off

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# Employee services

(Gomez-Mejia, Balkin & Cardy, 2012)

- Services provided to employees to  
“...enhance the quality of [their] work or personal lives.”
- Types:
  - Child care
  - Health club memberships
  - Subsidized company cafeterias
  - Discounts on company products
  - ...

# Administering benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Flexible benefits program: “Allows employees to choose from a selection of employer provided benefits such as vision care, dental care, health insurance, child care, more paid vacation days, legal services, [etc.]”

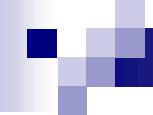
Types:

- Modular plans: “Consist of a series of different bundles of benefits or different levels of benefits coverage designed for different employee groups.”
- Core plus options plans: “Consist of a core of essential benefits and a wide array of other economic security for employees, & usually includes basic health insurance, life insurance, [etc.]”
- Flexible spending accounts: Individual employee accounts funded by the employer, the employee, or both.

# Challenges with flexible benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Adverse selection: “When an employee uses a specific benefit more than the average employee does.” e.g. vacation days or cosmetic surgery, etc.
- Employees who make poor choices and later regret
- Administrative complexity especially when determining equivalence of various benefits



# Benefits communication

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Challenges:

- Increasing complexity of benefits packages
- Employers reluctance to devote enough resources to explain these complex packages to employees



*Thank You*

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# Principles of HRM

## Retirement & Separation

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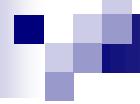
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# Retirement benefits

(Gomez-Mejia, Balkin & Cardy, 2012)

- Defined benefit plan: Pension
- Defined contribution plan: “Retirement plan in which the employer promises to contribute a specific amount of funds into the plan for each participant.”



# Employee separations

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Concepts

- “Employee separation occurs when an employee ceases to be a member of an organization.”
- “Turnover rate is a measure of the rate at which employees leave the firm”

## ■ Benefits

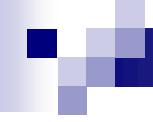
- Reduced labor costs
- Replacement of poor performance
- Increased innovation
- Opportunity for greater diversity

# Costs involved in employee separations

(Gomez-Mejia, Balkin & Cardy, 2012)

- Recruitment
  - Advertising
  - Campus visits
  - Recruiter time
  - Search firm fees
- Selection
  - Interviewing & Testing
  - Reference checks
  - Relocation
- Training
  - Orientation
  - Direct training
  - Trainer's time
  - Lost productivity during training
- Separation
  - Separation pay & benefits
  - Benefits
  - Unemployment insurance cost
  - Exit interview
  - Outplacement assistance
  - Vacant position

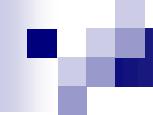
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# Types of separation

(Gomez-Mejia, Balkin & Cardy, 2012)

- Voluntary separation: Occurs when an employee decides, for personal or professional reasons, to end the relationship with the employer.
  - Quitting
  - Retirement
- Involuntary separation: “Occurs when management decides to terminate its relationship with an employee due to (1) economic necessity, or (b) poor fit between employee & the organization”
  - “Discharge due to poor fit (poor performance or unacceptable behavior)”
  - “Layoff, downsizing & rightsizing due to necessity to cut costs & improve efficiency by reallocation of responsibility among current employees”



# Handling layoffs in small business

(Aubry, 2009, Karlin, 2010, & Robertson & Sullivan, 2010, in Gomez-Mejia, Balkin & Cardy, 2012)

- Be clear about the reason for the layoff
- Explain layoff criteria
- Take legal precautions

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# Implementing a layoff

(Gomez-Mejia, Balkin & Cardy, 2012)

- Notifying employees ahead of time
- Developing layoff criteria
- Communicating to laid off employees as sensitively as possible
- Coordinating media relations
- Maintaining security
- Reassuring survivors of the layoff

# Handling survivors of layoffs

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Reasons for survivor anxiety (Brink, 2008, Kennedy, 2005, & Atchison, 2009, in

Gomez-Mejia, Balkin & Cardy, 2012):

- More work
- Unsettling changes
- Self-assessment of contribution
- Guilt
- Depression

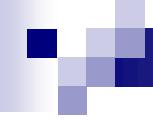
## ■ Keeping up morale & performance of survivors (Marshall, 2005,

in Gomez-Mejia, Balkin & Cardy, 2012):

- What can you control
- Do you show appreciation to your employees & make work fun?
- Are you listening?
- Are you helping employees see the importance of their work?

# Alternatives to Layoffs (Gomez-Mejia, Balkin & Cardy, 2012)

- Employment policies
  - Reduction through attrition
  - Hiring freeze
  - Cut part-time employees
  - Cut internships or co-ops
  - Give subcontracted work to in-house employees
  - Voluntary time off
  - Leaves of absence
  - Reduced work hours
- Changes in job design
  - Transfers
  - Relocation
  - Job sharing
  - Demotions
- Pay & benefits policies
  - Pay freeze
  - Cut overtime pay
  - Use vacation & leave days
  - Pay cuts
  - Profit sharing or variable pay
- Training - Retraining



# One of the most acceptable alternative to layoffs: Job sharing (Cascio, 2003)

## ■ Advantages

- Availability of complete pool of talent and creativity
- Continuation of benefits for everyone
- Reduction of overtime
- Retention of career orientation and potential for upward mobility
- Elimination of the need for training temporary employees

## ■ Disadvantages

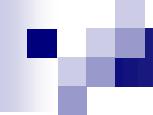
- Perceived lack of job continuity
- Inconsistent supervision
- Accountability scattered/ divided among several employees
- No reduction in non salary expenses
- Unionization may pose resistance



# Unemployment Insurance

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Provision of temporary income for people during periods of involuntary unemployment”
- Conditions for denial of unemployment insurance:
  - “An employee who quits voluntarily
  - An employee who is discharged for gross misconduct
  - An employee who refuses an offer of suitable work”
  - An employee who knowingly participates in activities that are unlawful or that can legally be considered as being harmful for the organization, or country or the public good
- *Supplemental unemployment benefits*: Additional benefits provided at the time of layoffs – sometimes referred to as the ‘golden handshake’, e.g. six months salary when a person is laid off, etc.



# Management of unemployment insurance

(Gomez-Mejia, Balkin & Cardy, 2012)

- Hiring short term employees during short term or limited term crises
- Auditing all unemployment claims
- Conducting exit interviews with all discharged employees to:
  - “Come to a mutual understanding on the reason for termination
  - Advise them that the company will fight unemployment claims not made for good reason”



*Thank You*

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# Principles of HRM

## Business Ethics

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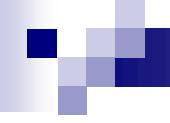
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- Crane, A. & Matten, D. (2014). *Business ethics (3<sup>rd</sup> Ed.) (South Asia Edition)*. New Delhi: Oxford University Press.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7<sup>th</sup> Ed.)*. New Delhi: PHI Ltd.

# Business ethics & the law

(Crane & Matten, 2014)

- “The law might be said to be a definition of the minimum acceptable standards of behavior.”
- Business ethics is primarily concerned with those issues not covered by the law, or where there is no definite consensus on whether something is right or wrong. Begins where the law ends.



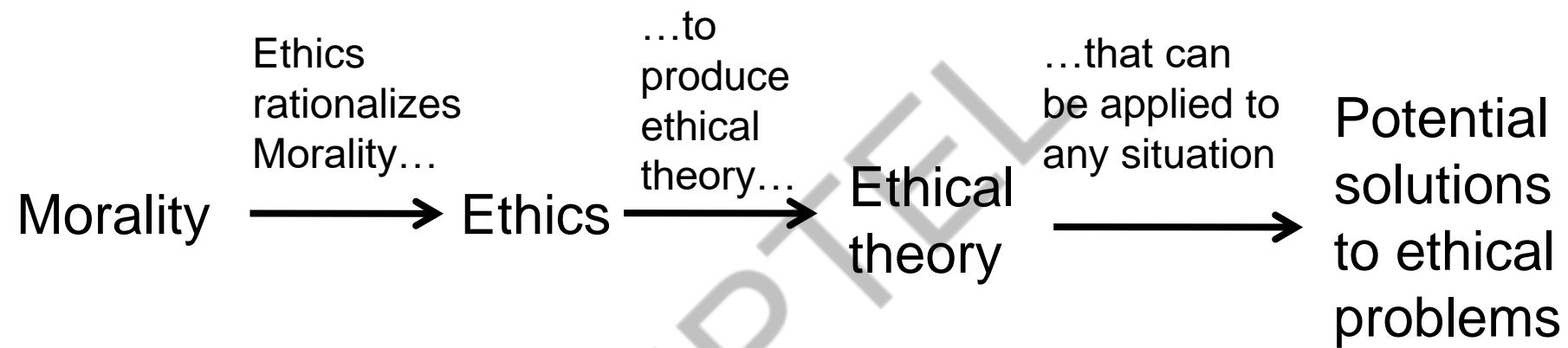
# Defining morality, ethics and ethical theory

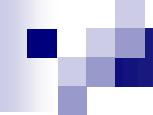
(Crane & Matten, 2014)

- Morality is concerned with the norms, values, and beliefs embedded in social processes which define right and wrong for an individual or a community.
- Ethics is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation.
- These rules are called ethical theories.

# Relationship between morality, ethics & ethical theory

(Crane & Matten, 2014)





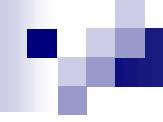
# Why is business ethics important

(Crane & Matten, 2010)

- The power and influence of business in society is greater than ever before
- Business has the potential to provide a major contribution to our societies in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development, etc.
- Business malpractices have the potential to inflict enormous harm on individuals, communities and the environment
- The demands being placed on business to be ethical by its various stakeholders are constantly becoming more complex and challenging.
- Few businesspeople have received formal business ethics education or training
- Ethical violations continue to occur in business, across countries and sectors.

# Differences in business ethics across organizational types (Crane & Matten, 2010)

	Large Corporations	Small Businesses	Civil Society Organizations	Public Sector Organizations
Main priorities in addressing ethical issues	Financial integrity, employee/ customer issues	Employee issues	Delivery of mission to clients; integrity of tactics; legitimacy & accountability	Rule of law, corruption, conflicts of interest; procedural issues, accountability
Approach to managing ethics	Formal, public relations &/ or systems-based	Informal, trust-based	Informal, values-based	Formal, bureaucratic
Responsible &/ or accountable to	Shareholders & other stakeholders	Owners	Donors & clients	General public, higher level government organizations
Main constraints	Shareholder orientation; size & complexity	Lack of resources & attention	Lack of resources & formal training	Inertia, lack of transparency



# Globalization & business ethics

(Crane & Matten, 2010)

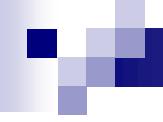
“Globalization is a process which diminishes the necessity of a common & shared territorial basis for social, economic, & political activities, processes, & relations”

Ethical issues in globalized businesses:

- Cultural issues: What is right in one culture may not be right in another
- Legal issues
- Accountability

# Ethical impacts of globalization on different stakeholder groups (Crane & Matten, 2010)

Stakeholders	Ethical impacts of globalization
Share-holders	Globalization provides potential for greater profitability, but also greater risks. Lack of regulation of global financial markets, leading to additional financial risks & instability.
Employees	Corporations outsource production to developing countries in order to reduce costs in global marketplace – this provides jobs, but also raises the potential for exploitation of employees through poor working conditions
Consumers	Global products provide social benefits to consumers across the globe, but may also meet protests about cultural imperialism & westernization. Globalization can bring cheaper prices to customers, but vulnerable consumers in developing countries may also face the possibility of exploitation by MNCs.
Suppliers & competitors	Suppliers in developing countries face regulation from MNCs through supply chain management. Small scale indigenous competitors are exposed to powerful global players.
Civil society (NGOs etc.)	Global business activity brings the company in direct interaction with local communities thereby raising the possibility for erosion of traditional community life. Globally active pressure groups emerge with aim to 'police' the corporation in countries where governments are weak & corrupt
Government & regulation	Globalization weakens governments & increases the corporate responsibility for jobs, welfare, maintenance of ethical standards, etc. Globalization also confronts governments with corporations from regions with different cultural expectations about issues such as bribery, corruption, taxation, & philanthropy



# Corporations & business ethics

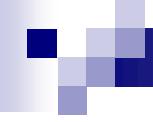
(Crane & Matten, 2010)

## ■ Key features of a corporation:

- Corporations are typically regarded as ‘artificial persons’ in the eyes of the law
- Corporations are nationally ‘owned’ by shareholders
- Managers & directors have a ‘fiduciary’ responsibility to protect the investment of shareholders

## ■ The debates:

- “Only human beings have a moral responsibility for their actions”
- “It is the responsibility of managers to act solely in the interests of shareholders”
- “Social issues and problems are the proper province of the state rather than corporate managers”



# The role of ethical theory

(Crane & Matten, 2010)

- Ethical absolutism:
  - There are eternal, universally applicable moral principles
  - Right and wrong are objective qualities that can be rationally determined
- Ethical relativism:
  - Morality is context dependent and subjective
  - There are no universal right and wrongs that can be rationally determined – it simply depends upon the person making the decision and the culture in which they are located
- Pluralism
  - Accepts different moral convictions and backgrounds while at the same time suggesting that a consensus on basic principles and rules in a certain context can, and should, be reached



# Normative ethical theories

(Crane & Matten, 2010)

- The debates:
  - Individual versus institutional morality
  - Questioning versus accepting capitalism
  - Justifying versus applying moral norms
- Western modernist theories: start with an assumption about the nature of the world, and more specific assumptions about the nature of human beings. Normally provide us with a fairly unequivocal solution to ethical problems.
  - Non consequentialist
  - Consequentialist: Moral judgment is based on the outcomes, aims of goals of a certain action. Also referred to as teleological theories

# Major normative theories in business ethics

(Crane & Matten, 2010)

	Egoism	Utilitarianism	Ethics of duties	Rights and Justice
Contributors	Adam Smith	Jeremy Bentham, John Stuart Mill	Immanuel Kant	John Locke, John Rawls
Focus	Individual desires or interests	Collective welfare	Duties	Rights
Rules	Maximization of desires or self-interest	Act/ rule utilitarianism	Categorical imperative	Respect for human beings
Concept of human beings	Man as an actor with limited knowledge & objectives	Man is controlled by avoidance of pain & gain of pleasure (hedonism)	Man is a rational moral actor	Man is a being that is distinguished by dignity
Type	Consequentialist	Consequentialist	Non-consequentialist	Non consequentialist

# Consequentialist theories

(Crane & Matten, 2010)

- Egoism:
  - “An action is morally right if the decision maker freely decides in order to pursue either their (short-term) desires or their (long-term) interests
  - Different from selfishness in that selfishness includes insensitivity to the needs of the other
- Utilitarianism
  - “An action is morally right if it results in the greatest amount of good for the greatest amount of people affected by the action”
  - Also called the greatest happiness principle because it focuses solely on the consequences of an action, weighs the good against the bad results, and finally encourages the action that results in the greatest amount of good for all people involved
  - Utility is measured in terms of a cost benefit analysis of pleasure & pain (Hedonistic view) or happiness & unhappiness (Eudemonistic view)
  - Problems:
    - Subjectivity
    - Quantification
    - Distribution of utility

# Example of a utilitarian analysis in the case of child labor (Crane & Matten, 2010)

	Action 1: Doing the deal		Action 2: Not doing the deal	
	Pleasure	Pain	Pleasure	Pain
Product manager	Good deal for the business; potential for personal bonus	Bad conscience; possible risk for company reputation	Good conscience; less risk	Loss of a good deal
Thai dealer	Good deal			Loss of a good deal; search for new customer
Parents	Secure the family's income	Limited prospects for children		Search for other sources of income
Children	Feeling of being needed, being 'grown up'; approval of parents	Hard work; no chance of school education	No hard work; time to play & go to school	Potentially forced to do other, more painful work
Grandmother	Family is able to support her			Loss of economic support <b>420</b>

# Principles of HRM

## Ethical aspects of HRM activities

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# Ethical aspects of HRM activities

(Christy & Christy, 2009)

- Whistleblowing : “...revealing unethical behavior by individuals or organizations”

Whistle blowing is a good idea when:

- “... the firm, through its product or policy, [is likely to] do serious and considerable harm to employees or to the public
- “... once employees identify a serious threat, they [are able to] report it to their immediate superior & make their moral concern known”
- “... [the employee’s] immediate superior [has done] nothing effective about the concern, [and] the employee [has exhausted] other internal procedures and possibilities within the firm” before resorting to whistleblowing
- “... [the employee has] documented evidence that would convince a reasonable impartial observer that the company’s product or practice poses a serious and likely danger to the public or user”
- “... the employee [has] good reasons to believe that, by going public, he or she will ensure that the necessary changes will be brought about”

# Ethical aspects of HRM (Contd.)

(Christy & Christy, 2009)

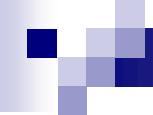
- Employee rewards: Fair and objective systems
- Fairness & ‘Fat-cat’ pay: Issues regarding the exorbitant salaries paid to senior officials/ consultants in light of the benefit their contributions have brought to the organization

# Ethical aspects of HRM (Contd.)

(Christy & Christy, 2009)

## ■ Implications of fairness in reward:

- Transparency
- Comprehensibility vs. complexity
- Equality of opportunity: Fairness and Justice: John Rawls
- Equal opportunity: Shareholder value perspective: “....it might be expected that fair & open recruitment, training, & promotion practices would make good sense from a business point of view.” Any form of discrimination will eventually pull an organization down
- The law of unintended consequences: “... being forced to behave in a certain way means that the subsequent act is no longer one of ethical choice”
- Equality of opportunity: Cultural considerations: Equality vs. equitability of treatment based on culturally determined demands on a person’s life and time – Family OR Work?



# Conflicting strategies for fair employment

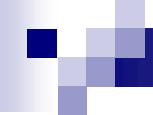
(Gomez-Mejia, Balkin & Cardy, 2012)

- Fair employment vs. Affirmative action
  - Fair employment: "...situation in which employment decisions are not affected by illegal discrimination"
  - Affirmative action: "... aims to accomplish the goal of fair employment by urging employers to hire certain groups of people who were discriminated against in the past."

# Discrimination

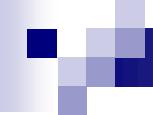
(Gomez-Mejia, Balkin & Cardy, 2012)

- Meaning: “... making distinctions among people”
- Types:
  - Disparate treatment: “... occurs when an employer treats an employee differently because of his or her protected-class status.”
  - Adverse impact or disparate impact: “... when the same standard is applied to all employees, but that standard affects the protected class more negatively (adversely).”



# Differences between disparate treatment & adverse impact (Gomez-Mejia, Balkin & Cardy, 2012)

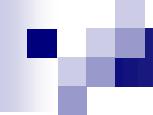
<b>Disparate Treatment</b>	<b>Adverse Impact</b>
Direct discrimination	Indirect discrimination
Unequal treatment	Unequal consequences or results
Decision rules with a racial/ sexual premise or cause	Decision rules with racial/ sexual consequences or results
Intentional discrimination	Unintentional discrimination
Prejudiced actions	Neutral actions
Different standards for different groups	Same standards, but different consequences for different groups



# Managing discrimination charges

(Gomez-Mejia, Balkin & Cardy, 2012)

- Demonstrate job relatedness as the reason for the respective decision
- Bona fide occupational qualification: "... a characteristic that must be present in all employees for a particular job. e.g. PhD for faculty in institutes of higher education, or perfect eyesight for pilots
- Seniority: System must be well established and communicated to all employees as far ahead of time as possible
- Business necessity: "... when the employment practice is necessary for the safe and efficient operation of the organization and there is an overriding business purpose for the discriminatory practice."



# Reasonable accommodation for differently abled employees

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Employers must make reasonable accommodation for the known disabilities of employees”
- “Employers cannot deny a [differently abled] person employment to avoid providing the reasonable accommodation, unless providing the accommodation would cause an undue hardship” or unless the organization is physically or financially unable to provide reasonable accommodation e.g. equipment for paraplegic employees in India
- “No accommodation is required if the individual is not otherwise qualified for the position.”

# Affirmative action plans

(Gomez-Mejia, Balkin & Cardy, 2012)

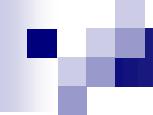
Steps:

## ■ Utilization analysis:

- “Determining the demographic composition of the current workforce by dividing all the jobs in the organization into classifications.”
- “Determining the percentage of those same protected classes in the available labor market.”

8 factor availability analysis determines the percentage of protected class members for:

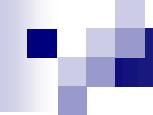
“Local population, local unemployed workers, local labor force, qualified workers in the local labor market, qualified workers in the labor market from which you recruit, current employees who might be promoted into the job classification, graduates of local education and training programs that prepare people for this job classification, & participants in training programs sponsored by the employer”



# Steps in making affirmative action plans continued

(Gomez-Mejia, Balkin & Cardy, 2012)

- Goals and timetables: Should take into account:
  - Size of underutilization
  - How fast the workforce turns over
  - Whether the workforce is growing or contracting
  - Types of actions employer intends to take



# Steps in making affirmative action plans continued

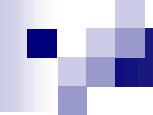
(Gomez-Mejia, Balkin & Cardy, 2012)

- Action plans: “...deciding exactly what affirmative actions to take”

Some suggestions from the US system:

- “Recruiting protected class members
- Redesigning jobs so that the underrepresented workers are more likely to be qualified
- Providing specialized training sessions for underprepared applicants
- Removing any unnecessary barriers to employment”

- Challenge: Reverse discrimination: “Discrimination against a nonprotected-class member resulting from attempts to recruit & hire members of protected classes.”



# Avoiding pitfalls in equal employment opportunity (Gomez-Mejia, Balkin & Cardy, 2012)

- Provide training
- Establish a complaint resolution process
- Document decisions
- Be honest
- Ask only for information you need to know



*Thank You*

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# Human Resources Management

## Employee Health

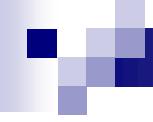
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- Idris, M. A., Dollard, M. F. & Tuckey, M. R. (2015). Psychosocial safety climate as a management tool for employee engagement and performance: A multilevel analysis. *International Journal of Stress Management*, 22(2), 183-206.
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# Psychosocial safety climate and psychological health & well being in the workplace

(Idris, Dollard & Tuckey, 2015)

- “*Psychosocial safety climate* represents the priority given to psychological health & well being in the workplace.”
- Elements:
  - Management support & commitment
  - Management priority
  - Organizational communication
  - Organizational participation & involvement
- “If employees feel safe & not under threat, they are likely to think that conditions are safe for them to take risks to obtain more sources, learn new things & grow.”

# Work stress & its management

(Robbins, Judge & Vohra, 2012)

- Stress: Dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important.

Types of stressors:

Challenge stressors: Stressors associated with workload, pressure to complete tasks, and time urgency

Hindrance stressors: Stressors that keep you from reaching your goals.

# Potential sources of stress

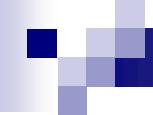
(Robbins, Judge & Vohra, 2012)

- Environmental factors
- Organizational factors
- Personal factors

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# Sources of workplace stress (Smith et al, 2012)

- Stress: “Individual’s response to challenging or difficult situations in their environment.”
- Sources:
  - Workload not matched to employee capacities
  - Work pace
  - Career concerns
  - Role conflict
  - Interpersonal relationships
  - Perceived job control – including availability of and access to resources
  - Emotional demands at work
  - Social support at work



# Effects of psychological stress in the workplace

(Smith et al 2012)

- Individual level:
  - Psychological well being of employees
  - Depression
  - Burnout
  - Anxiety disorders
  - Behavioral avoidance such as reduced affective commitment
  - Increase in deleterious behaviors like smoking or alcoholism or eating disorders
- Organizational level
  - Increased compensation claims
  - Increased intention to turnover
  - Reduced productivity

# A model of stress

(Robbins, Judge & Vohra, 2012)

## Potential sources

### Environmental factors

- Economic uncertainty
- Political uncertainty
- Technological change

### Organizational factors

- Task demands
- Role demands
- Interpersonal demands

### Personal factors

- Family problems
- Economic problems
- Personality

### Individual differences

- Perception
- Job experience
- Social support
- Belief in locus of control
- Self-efficacy
- Hostility

### Experienced stress

## Consequences

### Physiological symptoms

- Headaches
- Hypertension
- Heart disease

### Psychological symptoms

- Anxiety
- Depression
- Decreased job satisfaction

### Behavioral symptoms

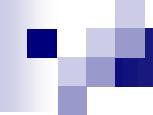
- Productivity
- Absenteeism
- Turnover

# Management of stress

(Robbins, Judge & Vohra, 2012)

## ■ At the Individual level

- Time management
- Physical exercise
- Relaxation techniques
- Delegation
- Cleaning up physical and psychological clutter
- Prioritizing
- Breaking up larger tougher goals into smaller achievable goals



# Management of stress (Contd.)

(Robbins, Judge & Vohra, 2012; Healy, 2000)

## ■ At the Organizational level

- Training
- Goal setting
- Regular and appropriate feedback
- Redesigning jobs
- Increasing employee involvement
- Increasing formal organizational communication with employees
- Organizationally supported wellness programs
- Flexi-times and telecommuting



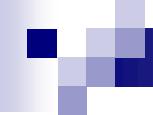
# Improving employee health & well-being at the workplace

(Dickson-Swift, 2014)

# Workplace Health

(Dickson-Swift, 2014)

- From the perspective of employers: “Workplace health [includes] providing the conditions for personal development & allowing individuals to become the best they can be through opportunities provided to them within the workplace.”
- From the perspective of employees: Workplace health is much more a function of ‘emotional health, well-being and happiness’ than physical health which can be taken care of outside office. “Good emotional health comes from working in a respectful place, whereas poor emotional health can be caused by or made worse by an unhealthy working environment.”

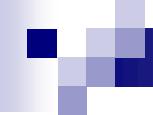


# Factors affecting workplace health

(Dickson-Swift, 2014)

- Organizational culture
- Workplace Health Promotion programs
- Amenities

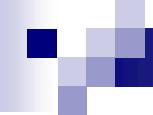
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# Organizational culture and its influence on health

(Dickson-Swift, 2014)

- Personal relationships
- Rewards
- Workplace flexibility
- Communication – perceived ease of communication with superiors and subordinates
- Management support
- Physical spaces



# Workplace Health Promotion Programs

(Dickson-Swift, 2014)

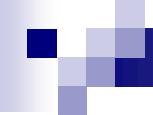
- What are WHP programs?: “Add-on programs often about specific health topics that are run at work in or outside normal working hours.”
- Examples: Health information sessions, fitness programs, medical screening, training in personal and life skills, ergonomics, first aid, bullying prevention, manual handling, etc.
- Benefits: “Improvements in happiness, confidence, job satisfaction, physical health, work ethic, healthy behaviors such as increasing fruit & veg consumption & decrease in alcohol intake, & gain in enthusiasm for healthy choices, often shared with family members.”



# Characteristics of preferred WHP Programs

(Dickson-Swift, 2014)

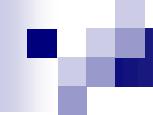
- Free
- Confidential
- Easy to participate in
- Enjoyable
- Make employees feel valued
- Offer opportunities for socializing
- Increase health & Well-being knowledge
- Increase motivation
- Develop personal skills
- Are available in work time



# Characteristics preventing engagement in WHP Programs

(Dickson-Swift, 2014)

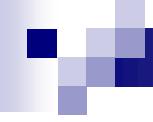
- Lacking in choice
- Lacking opportunities for staff engagement
- Lacking in management support
- Poorly timed
- Focussed on just provision of information
- Not targeted to specific issues
- Not targeted to specific audiences
- Repetitive
- Based on ‘one-size fits all’ model



# Amenities and workplace health & well-being

(Dickson-Swift, 2014)

- “Amenities [...] include physical aspects of the organization’s property such as a large staff room with outdoor seating, child care center, homework room for employees’ children, comfortable chairs and opening windows”; possibly a nice lunch room or employer provided refreshments; possibly even a gym or game room.



# Safety, Health & Environment at the Workplace

(Govt. of India, 2009)

- Ministry of Labour and Employment, Government of India:  
<http://labour.nic.in/content/innerpage/environment-at-work-place.php>
- National Policy on Safety, Health & Environment at the Workplace (Government of India, 2009):  
<http://labour.nic.in/upload/uploadfiles/files/Policies/SafetyHealthandEnvironmentatWorkPlace.pdf>
- Updated paper on NPSHE by Sardana: Institute for Studies in Industrial Development, New Delhi:  
<http://isidev.nic.in/pdf/DN1204.pdf>



*Thank You*

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# Human Resources Management

## Organized Labor

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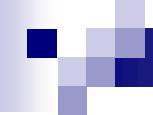
# Sources

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# Unions

(Gomez-Mejia, Balkin & Cardy, 2012)

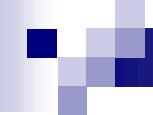
- “A union is an organization that represents employees’ interests to management on issues such as wages, work hours, and working conditions.”
- *Union dues* are fees union members pay for the services provided by the unions they are a part of.



# Employees join unions when they

(Gomez-Mejia, Balkin & Cardy, 2012)

- “...are dissatisfied with certain aspects of their job
- Feel that they lack influence with management to make the needed changes
- See unionization as a solution to their problems”

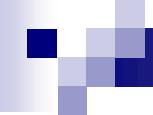


# Indian laws related to industrial relations

(Govt. of India)

- <http://labour.nic.in/content/innerpage/industrial-relations.php>

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# Labor relations

(Gomez-Mejia, Balkin & Cardy, 2012)

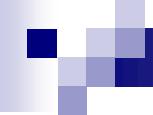
- Labor relations strategy: “A company’s labor relations strategy is its management’s overall plan for dealing with unions.”
- Union acceptance strategy: “... management chooses to view the union as its employees’ legitimate representative & accepts collective bargaining as an appropriate mechanism for establishing workplace rules.”

# Example of union acceptance strategy

(Gomez-Mejia, Balkin & Cardy, 2012, p. 514)

“Our objective is to establish a labor policy that is consistent and fair. The purpose is to develop an agreeable working relationship with the union while retaining our full management rights. The rationale behind our labor relations policy is consistency, credibility, & fairness to union representatives, & the workers who are in the union. In order to make our policy effective, the Company will:

- Accept union representation of employees in good faith, provided the union represents the majority of our employees
- Maintain the right of management to manage
- Adopt procedures by which top management continuously supports the positions of its representatives in implementing the firm’s policies and practices in the area of industrial relations
- Enforce disciplinary policies in a fair, firm, and consistent manner
- See to it that union representatives follow all Company rules except those from which they are exempted under specific provisions of the labor contract
- Handle all employee complaints fairly, firmly & without discrimination
- See that every representative of management exercises a maximum effort to follow Company policies fairly & consistently, and
- See to it that all decisions and agreements pertaining to the present contract are documented in writing.”



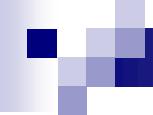
# Union Avoidance Strategy

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Management selects a *union avoidance strategy* when it fears that the union will have a disruptive influence on its employees or fears losing control of its workers to a union.”
- Approaches:
  - Union substitution
  - Union suppression

# Union substitution approach to union avoidance strategy

- (Gomez-Mejia, Balkin & Cardy, 2012)
- “Also known as the *proactive human resource management approach*: Management becomes so responsive to employees’ needs that it removes the incentive for unionization.”
  - Representative policies:
    - “Job security policies that protect the jobs of full-time workers. Among these is a policy that subcontracted, temporary, and part-time workers must be discharged before permanent employees can be laid off.
    - Promoting-from-within policies that encourage the training & development of employees
    - Profit sharing & employee stock ownership plans that share the company’s success with its employees
    - High involvement management practices that solicit employee input into decisions
    - Open-door policies & grievance procedures that try to give workers the same sense of empowerment that they would have under a union contract.”



# Union suppression approach to union avoidance strategy

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Management uses the union suppression approach when it wants to avoid unionization at all costs & does not make any pretense of trying ‘to do the right thing’ for its employees.”
- Can backfire and cause employee-employer conflict, loss of reputation, and high turnover

# Managing the labor relations process

(Gomez-Mejia, Balkin & Cardy, 2012)

- Union organizing
- Collective bargaining
- Contract administration

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# Union organizing

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Takes place when employees work with a union to form themselves into a cohesive group.”
- Issues:
  - Union solicitation: Reach out to interested employees in an attempt to woo them to joining the union
  - Pre-election conduct of organization towards union formation:
    - Threats
    - Intimidation
    - Promises
    - Surveillance of meetings
  - Determining eligibility of candidates who can be voted for

# Collective bargaining

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Collective bargaining consists of negotiations between an employer and a group of employees so as to determine the conditions of employment.”

(Legal Information Institute, Cornell University)

- Issues:
  - Bargaining behavior: “Good faith bargaining means treating the other party reasonably even when disagreements arise.”
  - Bargaining power: Using the tactic (distributive or integrative) that is likely to yield better results
  - Bargaining topics: Issues important to both, the employees and the Company. Could include ‘wages, hours, and employment conditions’
  - Impasses in bargaining: Dead ends or issues that remain unresolved

# Bargaining etiquette

(Tyler 2005, Friedman, 2009, and Dolan 2011, in Gomez-Mejia, Balkin & Cardy, 2012)

- “Show courtesy to the other bargaining team
- Set the tone by being friendly to the other bargaining team
- Maintain team solidarity
- Establish ground rules to deal with difficult bargaining issues
- Keep negative emotions under control
- Exercise silence”



# Bargaining power

(Gomez-Mejia, Balkin & Cardy, 2012)

## Tactics:

- **Distributive**: “Focuses on convincing your counterpart in negotiations that the cost of disagreeing with your terms would be very high.”
  - “*Labor* [tends to use] distributive bargaining when it attempts to convince management that it is willing and able to sustain a long strike that will severely damage the company’s profits and weaken the company’s position against its competitors.”
  - “*Management* [tends to use] distributive bargaining when it tries to convince the union that it can sustain a long strike much better than union members, who will have to survive without their paychecks.”
  - “*Union leaders* may also adopt distributive bargaining tactics when they believe union members are willing to accept the cost of a long strike that is likely to cause a vulnerable company severe economic damage.”



# Integrative bargaining

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Focuses on convincing your counterpart in negotiations that the benefits of agreeing with your terms would be very high.” Win-win.
- Guidelines for effective bargaining (Lewicki, Saunders & Barry, 2006, Das & Teng, 1998, in Gomez-Mejia, Balkin & Cardy, 2012):

- “Attempt to understand the other negotiator’s real needs & objectives
- Create a free flow of information
- Emphasize the commonalities, & minimize the differences between the parties
- Search for solutions that meet both parties’ goals & objectives
- Develop flexible responses to the other negotiator’s proposals”

# Bargaining topics

(Gomez-Mejia, Balkin & Cardy, 2012)

- *Mandatory Bargaining Topics*: “Topics that both union & management consider fundamental to the organization’s labor relations.”
- *Permissive Bargaining Topics*: “May be discussed during collective bargaining if both parties have agreed to do so, but neither party is obliged to bargain on these topics.”
- *Illegal Bargaining Topics*: Topics that at least one party considers as an infringement of their rights or detrimental to their existence, and that the law determines are unfair labor practice.

# Impasses in Bargaining

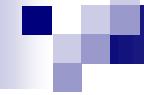
(Gomez-Mejia, Balkin & Cardy, 2012)

- “If the parties cannot agree on one or more mandatory issues, they have reached an *impasse in bargaining*.”
- Ongoing, unresolved impasse can lead to strike

# Types of strikes

(Gomez-Mejia, Balkin & Cardy, 2012)

- *Sympathy strike*: When one union goes on strike to support another union in the industry, even if they are not directly affected by the issue, just to show solidarity
- *Economic strike*: Strike over compensation including salary and benefits
- *Wildcat strike*: “Spontaneous work stoppage [...] when workers are angered by a disciplinary action taken by management against one of their colleagues.”
- *Lockout*: “When the employer shuts down its operations before or during a bargaining impasse to protect themselves from unusual economic hardship when the timing of a strike may ruin critical materials.”



# Contract Administration

(Gomez-Mejia, Balkin & Cardy, 2012)

- "...involves application and enforcement of the labor contract in the workplace."
- Grievance procedure: "Systematic, step by step procedure designed to settle disputes regarding the interpretation of the labor contract"

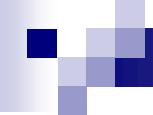
## Advantages:

- "Provides the employee with an advocate dedicated to representing the employee's case to management – Union steward"
- "Arbitration: A quasi-judicial process that is binding on both parties.... Arbitrator is a neutral person selected from outside the firm & compensated by both the union & management."

# Steps in the grievance procedure

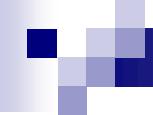
(Gomez-Mejia, Balkin & Cardy, 2012)

1. “Employee tells the union steward [and immediate supervisor] about his/her grievance orally”
2. Employee gives the grievance in writing to the union steward and immediate supervisor in the organization
3. Escalation to supervisor of supervisor and union representative supervising union steward
4. Arbitration



# Types of grievances (Gomez-Mejia, Balkin & Cardy, 2012)

- *Contract interpretation grievance*: Deals with ambiguity in the language of the labor contract and any inconvenience caused due to this ambiguity
- *Grievance due to employee discipline*: Deals with the use of due process in dealing with perceived indiscipline of employee



# Benefits of union grievance procedures

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Grievance procedure protects union employees from arbitrary management decisions: it is the mechanism for organizational justice.
- The grievance procedure helps management quickly and efficiently settle conflicts that could otherwise end up in the courts or result in work stoppages
- Management can use the grievance procedure as an upward communications channel to monitor & correct the sources of employee dissatisfaction with jobs or company policies.”

# Impact of unions on HRM

(Gomez-Mejia, Balkin & Cardy, 2012)

- Staffing
- Employee development
- Compensation
- Employee relations

NPTEL



*Thank You*

A large, stylized, purple cursive font "Thank You" is positioned in the center. Behind it, the words "WANTTEL" are written in a smaller, gray, sans-serif font, angled diagonally upwards from bottom-left to top-right.

# Principles of HRM

## International HRM

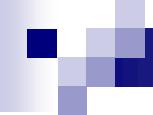
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# The internationalization of business

(Briscoe, Schuler & Claus, 2009)

- Increased travel
- Rapid and extensive global communication
- Rapid development and transfer of new technology
- Free trade
- Education
- Migration
- Knowledge sharing
- Pressure on costs
- Search for new markets
- Homogenization of cultures
- E-commerce

# International orientation

(Briscoe, Schuler & Claus, 2009)

- Ethnocentrism
- Polycentrism or regiocentrism
- Geocentrism

# Internationalization of HRM

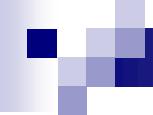
(Briscoe, Schuler & Claus, 2009)

- IHRM is the study and application of all human resource management activities as they impact the process of managing human resources in enterprises in the global environment.
- Challenges to HRM in multinational enterprises (MNEs):
  - Developing a global mindset inside the HR function, particularly awareness and understanding of the new global competitive environment and the impact it has on the management of people worldwide
  - Aligning core HR processes and activities with the new requirements of competing globally, while simultaneously responding to local issues and requirements
  - Enhancing global competencies and capabilities within the HR function

# The development of IHRM

(Briscoe, Schuler & Claus, 2009)

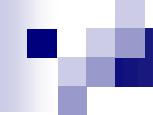
- Country selection
- Global staffing
- Recruitment and selection
- Compensation
- Standardization or adaptation



# Differences between international and domestic HRM

(Briscoe, Schuler & Claus, 2009)

- More HR functions and activities
- A broader expertise and perspective
- More involvement in people's lives
- Managing a much wider mix of employees
- More external factors and influences
- Greater risk



# Creating the international organization: Strategy & structure

(Briscoe, Schuler & Claus, 2009)

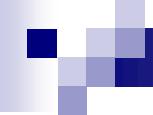
- Opportunities available to firms in the global environment:
  - Adapting to local market differences
  - Exploiting global economies of scale
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  - Tapping into the best locations for activities & resources
  - Maximizing knowledge and experience transfer between locations

# Stages in the development of MNEs

(Briscoe, Schuler & Claus, 2009)

■ Evolution of MNEs: Geographic spread: Bartlett and Ghoshal (....) stages of internationalization of companies:

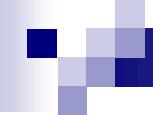
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- Multinational
- Global
- Transnational



# Stages in the development of MNEs (Contd.)

(Briscoe, Schuler & Claus, 2009)

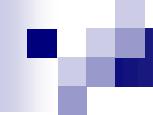
- Internationalization through export
- International division or global product division
- Multi-country/ multi-domestic strategy
- Regionalization
- The global firm
- The transnational firm
- The born global firm
- The globally integrated enterprise



# Choice of method for entry into International Business

(Briscoe, Schuler & Claus, 2009)

- Licensing and subcontracting
- Outsourcing
- Offshoring
- Wholly owned subsidiary:
  - Greenfield: “Acquisition of an open (green) “field” in order to build the subsidiary facilities from scratch”
  - Brownfield: “Purchase of existing facilities (buildings) & developing the subsidiary inside those facilities” (sometimes referred to as a turnkey operation)
  - “Acquisition of an existing enterprise that is already established in the target country”



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- Mergers and Acquisitions
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- *Maquiladoras* (Mexican): Special form of foreign subsidiary with special characteristics favorable to foreign parents

# Principles of HRM

## International HRM

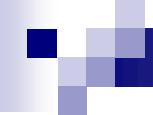
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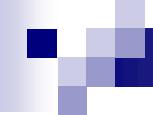
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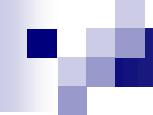
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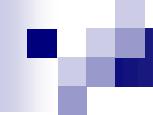
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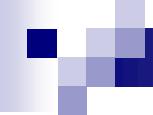
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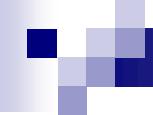
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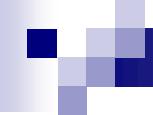
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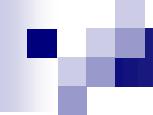


# Factors influencing how MNEs organize for global business

(Briscoe, Schuler & Claus, 2009)

- Strategies
- Goals
- Environment
- Technology
- People
- Size

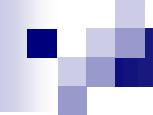
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# Factors influencing how MNEs organize for global business (Contd.)

(Briscoe, Schuler & Claus, 2009)

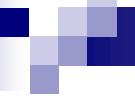
- Firm's forms and stages of international development
- Amount of cross-border coordination required by the firm's strategy (I.e. degree of desired standardization & centralization vs. degree of acceptable and/ or necessary localization & decentralization)
- Nature of host governments' involvement in the economic process
- Diversity and complexity of the MNE's business operations



# Stages of international involvement

(Gomez-Mejia, Balkin & Cardy, 2012)

- Stage 1: Primarily domestic market
- Stage 2: “Firm expands its market to include foreign countries but retains its production facilities within domestic borders”
- Stage 3: “Firm physically moves some of its operations out of the home country”
- Stage 4: “Firm becomes a full fledged ‘multinational corporation ... with assembly and production facilities in several countries and regions of the world’”

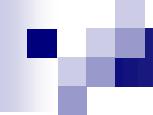


# Global employment law, industrial relations, and international ethics

# The institutional context of international business

(Briscoe, Schuler & Claus, 2009)

- International organizations
  - UN
  - ILO
  - OECD
  - WB & IMF
- International trade organizations & agreements
  - WTO
  - NAFTA
  - Mercosur/Mercosul
  - Andean Community
  - ASEAN
  - APEC
  - EU
- Commercial diplomacy



# The institutional context of international business (Contd.)

(Briscoe, Schuler & Claus, 2009)

## ■ Commercial diplomacy

- Trade negotiations
- Impact of policy decision making
- Government regulations
- Legislation
- Standards
- Industrial subsidies
- Corporate conduct

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# Equivalent employment standards as stated by various international organizations

(Briscoe, Schuler & Claus, 2009)

- Freedom of association (i.e. the right to organize and bargain collectively)
- Equal employment opportunity and non-discrimination
- Prohibitions against child labor and forced (prison or slave) labor
- Basic principles concerning occupational safety and health
- Consultation with workers' groups prior to carrying out substantial changes such as work force reductions and plant closures
- Grievance or dispute resolution procedures
- Use of monitors (internal or external) to audit employment practices

# MNEs and issues in IHRM

(Briscoe, Schuler & Claus, 2009)

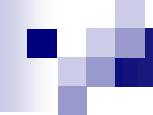
- Understanding international labor standards and regulations
- Conducting an analysis of the labor and employment laws and practices in each of the countries within which the MNE operates
- Determining the extent to which extraterritorial laws apply especially for countries that have enacted such laws
- Analyzing labor and employment issues that are common to all MNEs such as problems with adaptation to labor relations and local cultural practice



# Extraterritorial laws

(Briscoe, Schuler & Claus, 2009)

- Factors that govern the extent to which the extent to which two operations are determined to be integrated:
  - The interrelations of their operations
  - Common management
  - Centralized control of labor relations
  - Common ownership or financial control



# Application of national law to local foreign-owned enterprises

(Briscoe, Schuler & Claus, 2009)

- Comparative law
- Immigration/ Visas
- Data privacy/ protection
- Anti-discrimination
- Termination and reduction in force
  - Business closure
  - Workplace closure
  - Diminishing economic need for the work
- Intellectual property



# International Labor Relations

(Briscoe, Schuler & Claus, 2009)

- International union membership
- Evolution of international labor relations and organizations
  - World Federation of Trade Unions (WFTU)
  - International Confederation of Free Trade Unions (ICFTU)
  - International Trade Union Confederation (ITUC)
  - European Trade Union Confederation (ETUC)
  - World Confederation of Labor (WCL)
  - Trade Union Advisory Committee (TUAC) of the OECD
  - Global Union Federations (GUFs)

# In practical terms, unions view MNEs as being able to

(Briscoe, Schuler & Claus, 2009)

- Locate work in countries with lower social protections and lower wages and benefits, staying away from countries with stronger unions and stronger protections and higher wages and benefits
- Force workers in one country, faced by competition from workers in other countries, to 'bid down' their wages and benefits to keep their jobs
- Take advantage of differences in legally mandated benefits for workers by restructuring the operations in countries where the costs of work force adjustments are lowest and thus force excessive dislocation burdens on workers in these low-benefit countries
- Outlast workers in the event of a labor dispute in one country because cash flows (and the ability to maintain business) are at least partially maintained by operations in countries where there are no disputes

# Obstacles to multinational bargaining

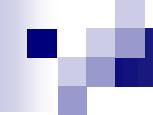
(Briscoe, Schuler & Claus, 2009)

- Diverse industrial relations laws and practices in different countries
- Lack of any central, international authority for labor relations or global labor law
- Major economic and cultural differences among different countries
- Employer opposition
- Union reluctance at the national level, because the national leadership often fears that multinational bargaining will transfer power from them to an international leadership

# Obstacles to multinational bargaining (Contd.)

(Briscoe, Schuler & Claus, 2009)

- Absence of a centralized decision-making authority for unions
- Lack of coordination of activities by unions across national boundaries
- Differing national priorities
- Employee unwillingness to subordinate local concerns to the concerns of workers in other countries



# Questions to be addressed during global collaborations

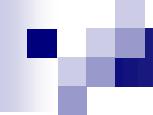
(Briscoe, Schuler & Claus, 2009)

- What rules will apply to the resolution of disputes?
- What rules will apply to the process of negotiations?
- What law will cover the negotiations, e.g. between companies in two or more countries?

# Multinational enterprises and labor relations: Approaches

(Briscoe, Schuler & Claus, 2009)

- Hands off: Local managers handle everything
- Monitor: Local managers handle everything but report to senior management who keep a tab on things
- Guide and advise: Constant advice from central management to local management
- Strategic planning: Global strategy governs local operations and management
- Set limits and approve exceptions: Very limited freedom of action. Exceptions need to be approved by headquarters.
- Managing totally from headquarters
- Integration of headquarters IHR and line management in the field: Global strategy works hand in hand with local mgmt.



# Issues of concern to local union environments

(Briscoe, Schuler & Claus, 2009)

- Existing trade unions
- Level of organization
- Focus breadth
- Affiliations
- Type of workers
- Union density
- Focus of labor relations
- Negotiation partner
- Employers associations
- Operation method
- Issues typically covered by union agreements
- Binding force of union agreements
- Strikes and industrial action
- Union free

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# International Labor Relations (Contd.)

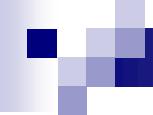
(Briscoe, Schuler & Claus, 2009)

## ■ Works councils:

- Made up of elected representatives of the firm's work force
- Have the right to receive information and consultation relative to many decisions a firm makes

## ■ Co-determination

- Legal requirement in which employees are represented on supervisory boards or boards of directors and participate in major strategic decisions – agreement of employees required
- Systems of co-decisions
  - Dual system: Supervisory board (consisting of 1/3 employees) supervises the board of directors
  - Single tier system: Only one board of directors & employees have one or two representatives
  - Mixed system: with obligatory participation of employees but only an advisory role



# International Labor Relations (Contd.)

(Briscoe, Schuler & Claus, 2009)

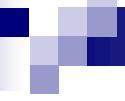
- Litigation risks in global labor relations
- Development of a strategic global industrial relations policy

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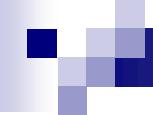
# International framework of ethics

(Briscoe, Schuler & Claus, 2009)

- Ethical relativism to ethical absolutism
- Bribery and corruption:
  - Some countries consider bribery to be an acceptable business practice
    - Mexico: La mordida
    - South Africa: Dash
    - Middle East, India & Pakistan: Bakhsheesh
    - Germany: Schimmengelt
    - Italy: Bustarella



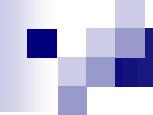
# Challenges to International HRM



# International HR Information Systems

(Briscoe, Schuler & Claus, 2009)

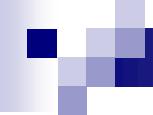
- Computer programs that help manage HR related data
- Problems:
  - Keeping track of work forces in each country of operation
  - Keeping track of long-term international assignees, including home country contact information as well as foreign addresses, etc.
  - Keeping track of short-term international assignees who may be commuting, on extended business trips or on assignment that last only a few months
  - Keeping track of international assignee compensation & benefits packages in some form of comparable information, since most international assignees have unique compensation packages



# Problems with International HR Information Systems

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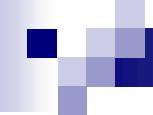
- Providing identification numbers for all employees around the globe (and a way to standardize these, since many countries have their own identification numbers)
- Having multilingual capabilities & fields that accommodate diverse requirements (length of names, addresses, multiple spouses, etc.)
- Foreign currency conversions for payroll, which can vary daily
- Standard formatting for compensation & benefits variations from country to country
- Budgeting & tracking payroll, given various currencies & currency fluctuations
- Government vs. private health & pension benefits in various countries



# Problems with International HR Information Systems (Contd.)

(Briscoe, Schuler & Claus, 2009)

- Major variances in leave of absence & paid time off from country to country (even standard definition of what constitutes time off & when someone is included in the active head count)
- Employment contracts (with their major variances from country to country)
- No. of hours worked & vacation days
- Termination liabilities
- Tracking visas (for various types of international assignees & families & business travellers, schedules for renewal, etc.)
- Tracking family information for international assignees, including educational support



# Problems with International HR Information Systems (Contd.)

(Briscoe, Schuler & Claus, 2009)

- International job postings – locations, timing, job responsibilities, applicable employment contracts
- Terms & conditions of employment variances from country to country
- Keeping track of all the firm's union contracts & their variances
- Data privacy laws that protect personal information residing in HR Information Systems & the backup systems(often in another country)
- Laws regarding the transfer of personal data from one country to another

# Global HR Challenges

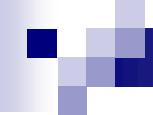
(Briscoe, Schuler & Claus, 2009)

- Not enough opportunities perceived to be in HR because of higher priority to other aspects of businesses
- Increased no. of employee relations issues
- Globalization and freer trade are leading many countries to change their legal frameworks, which impacts International HR practices & local country management
- There is very little consistency in HR infrastructure for delivery of International HR programs around the world

# Global HR Challenges (Contd.)

(Briscoe, Schuler & Claus, 2009)

- What employees want in various locations around the world is constantly changing & often creates new & difficult challenges:
  - Global work forces want top level leadership from within their own countries not just from headquarters
  - Local work forces & local HR staffs want their local office dynamics to be respected by corporate headquarters
  - Local subsidiary & joint venture managements want expatriates to take ownership of becoming part of the country they are assigned to.



# Continuous change in needs of employees worldwide (Contd.)

(Briscoe, Schuler & Claus, 2009)

- Local employees want defined career paths for themselves & want to be included in corporate career planning, as well. They expect the parent firm to initiate development opportunities for local employees.
- Local offices often feel left out of corporate planning
- Local business units expect to be included in executive visits from headquarters, not to be taken for granted
- Employees in foreign subsidiaries around the globe want:
  - Variable compensation schemes to include them
  - To be included in parent company decisions regarding total rewards planning

# Challenges to IHR functions in evolving multinational enterprises

(Briscoe, Schuler & Claus, 2009)

- True globalization and standardization of IHR functions
- Global redistribution & relocation of work due to changing organizational design
- Absorption of acquired businesses, merging of existing operations on a global scale, staffing of strategic integration teams, & attempts to develop & harmonize core HR processes within these merged businesses
- Rapid start-up of international operations & organization development as they mature through different stages of the business cycle
- Changing capabilities of international operations with increased needs for up-skilling of local operations & greater complexity

# Challenges to IHR functions in evolving MNEs (Contd.)

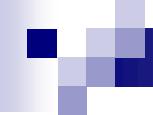
(Briscoe, Schuler & Claus, 2009)

- Need to capitalize on the potential of technology to facilitate HR functions, while ensuring that social & cultural insights are duly considered when required
- Changes to the need of intermediaries in HR service supply chain due to increased dependence on web-based HR related services
- Articulation of appropriate pledges about the levels of performance that can be delivered to the business by the IHR function, & the requirement to meet these pledges under conditions of tight cost control
- Learning about operating through formal or informal global HR networks, acting as knowledge brokers across international operations, & avoiding a “one best way” HR philosophy

# Challenges to IHR functions in evolving MNEs (Contd.)

(Briscoe, Schuler & Claus, 2009)

- Offering a compelling value proposition to the employees of the firm, & understanding & then marketing the brand that the firm represents across global labor markets that in practice have different values & different perceptions
- Identification of problems faced by HR professionals as they experience changes in the level of decentralization/ centralization across constituent international businesses.



# Opportunities for strengthening International HR

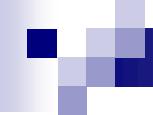
(Briscoe, Schuler & Claus, 2009)

- Professionalization of International HR
  - Global HR certification: Human Resource Certification Institute (HRCI) - <http://www.hrci.org/>
  - Society for Human Resource Management:  
<http://www.shrm.org/pages/default.aspx>
- Narrowing the international HR competency gap
- Development of organizational initiatives that can effectively attract, retain, & engage employees on a global scale who can achieve the organization's strategic global objectives
- Developing international HR sustainability

# International HR Jobs of the future

(Briscoe, Schuler & Claus, 2009)

- Ability to educate & influence line managers on IHR policies, practices & importance
- Being computer & technology-literate, so as to be able to create & use global databases for IHR advice & decision making & delivery worldwide of IHR transactional services
- Being able to anticipate internal & external changes, particularly of importance to the availability & qualification of HR talent around the world
- Exhibiting leadership for the IHR function & within the corporation, at headquarters level & at the business unit level



# International HR Jobs of the future (Contd.)

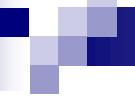
(Briscoe, Schuler & Claus, 2009)

- Focusing on the quality of IHR services within the enterprise
- Defining an IHR vision of the future & communicating that to the IHR department & to the organization
- Developing broad knowledge of many IHR functions
- Being willing to take appropriate risks in the development & implementation of innovative IHR policies & practices
- Being able to demonstrate the financial impact of IHR policies & practices

# What must the IHR department do

(Briscoe, Schuler & Claus, 2009)

- Hire people with international experience as far as possible
- Disperse people with international experience throughout the firm
- Learn how to recruit and assign on a global basis
- Increase the firm's international information inputs
- Train everyone in cross-cultural communication, etiquette, protocol, negotiation styles & ethics
- Ensure international developmental assignments
- Pursue Global Programs in HR certification
- Understand and appreciate the importance of developing themselves to better carry out the global objectives of the organization



**TEL**

*Thank You*

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# Human Resource Management

## Strategic HRM

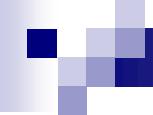
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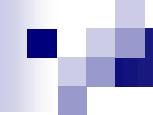


# What is strategic HRM?

(Lengnick-Hall & Lengnick-Hall,

1988, Wright & McMahan, 1992)

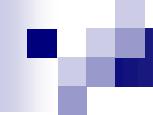
- Management of a firm's human resources in such a way so as to achieve strategic objectives of the firm.
- “SHRM is concerned with ensuring that ‘human resources management is fully integrated into strategic planning; that HRM policies cohere both across policy areas and across hierarchies & that HRM practices are accepted and used by line managers as part of their everyday work.’” (Guest, 1989, in Wright & McMahan, 1992)
- “All those activities affecting the behavior of individuals in their efforts to formulate and implement the strategic needs of the business.” (Schuler, in Wright & McMahan, 1992)
- “The pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.”



# Why strategic HR? (Lengnick-Hall & Lengnick-Hall, 1988)

- To help a firm achieve competitive advantage, “... by lowering costs, by increasing sources of product and service differentiation, or by both”

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# Competitive strategies

(Schuler & Jackson, 1987)

- Strategic initiative: “Ability to capture control of strategic behavior in the industries in which a firm competes.”
- Competitive strategies that can be used to gain competitive advantage:
  - *Innovation strategy*: “...used to develop products or services different from those of competitors [...] offering something new and different”
  - *Enhancement strategy*: “”Enhancing product and/or service quality”
  - *Cost reduction strategy*: “... being the lowest cost producer.”

# Strategic theories of HRM

(Wright & McMahan, 1992)

## ■ Resource based view of the firm:

- “Competitive advantage can only occur in situations of firm resource heterogeneity and firm resource immobility (inability of competing firms to obtain resources from other firms)”
- “...given resource heterogeneity and resource immobility and satisfaction of the requirements of value, rareness, imperfect imitability, and non-substitutability, a firm’s resources can be a source of sustained competitive advantage.”

# Strategic theories of HRM (Contd.)

(Wright & McMahan, 1992)

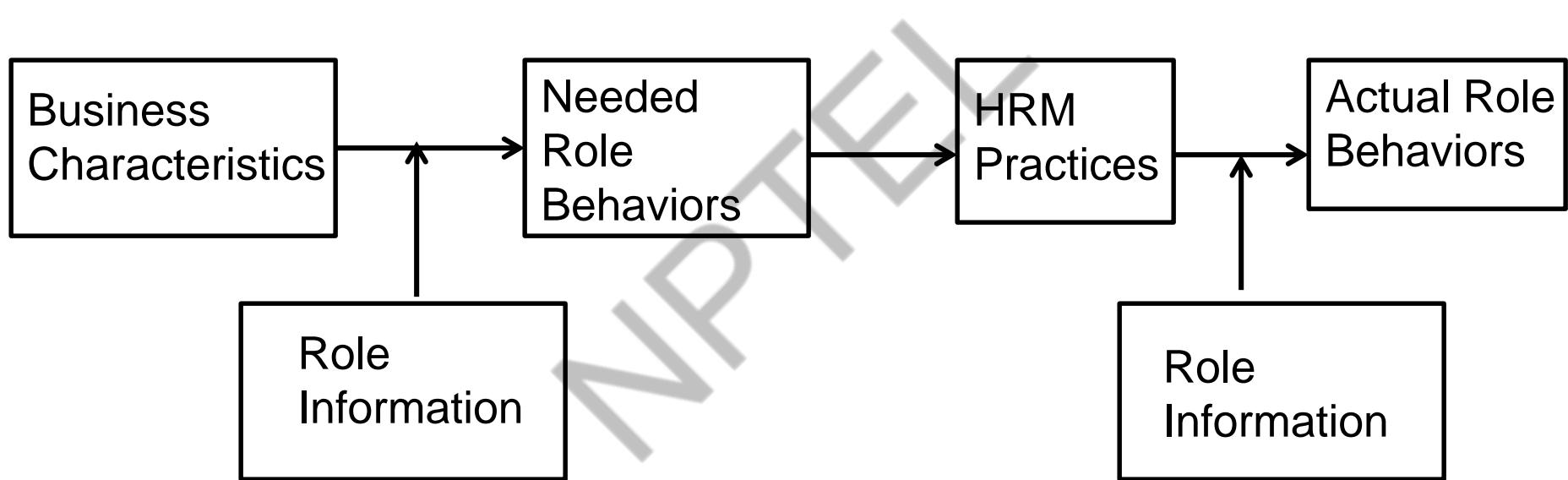
## ■ *The behavioral perspective:*

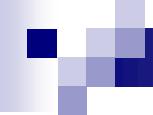
- “... focuses on employee behavior as the mediator between strategy and firm performance”
- “...assumes that the purpose of various employment practices is to elicit and control employee attitudes and behaviors. The specific attitudes and behaviors that will be most effective for organizations differ, depending upon various characteristics of organizations, including the organizational strategy. In the context of SHRM, these differences in role behaviors required by the organization’s strategy require different HRM practices to elicit and reinforce those behaviors.”

# Behavioral perspective (Contd.)

(Wright & McMahan, 1992)

Schuler and Jackson's Model for linking HRM practices with firm performance





# Employee role behaviors for competitive strategies

(Schuler & Jackson, 1987)

- Predictability vs. creativity and innovation
- Short-term vs. long-term focus
- Cooperation and interdependence vs. independence and autonomy
- Concern for quality and quantity
- Risk taking ability and orientation
- Concern for process
- Avoiding vs. assuming responsibility
- Flexibility to change
- Preference for stability vs. tolerance of ambiguity and unpredictability
- Range of skill application
- Job involvement and engagement

# Strategic theories of HRM (Contd.)

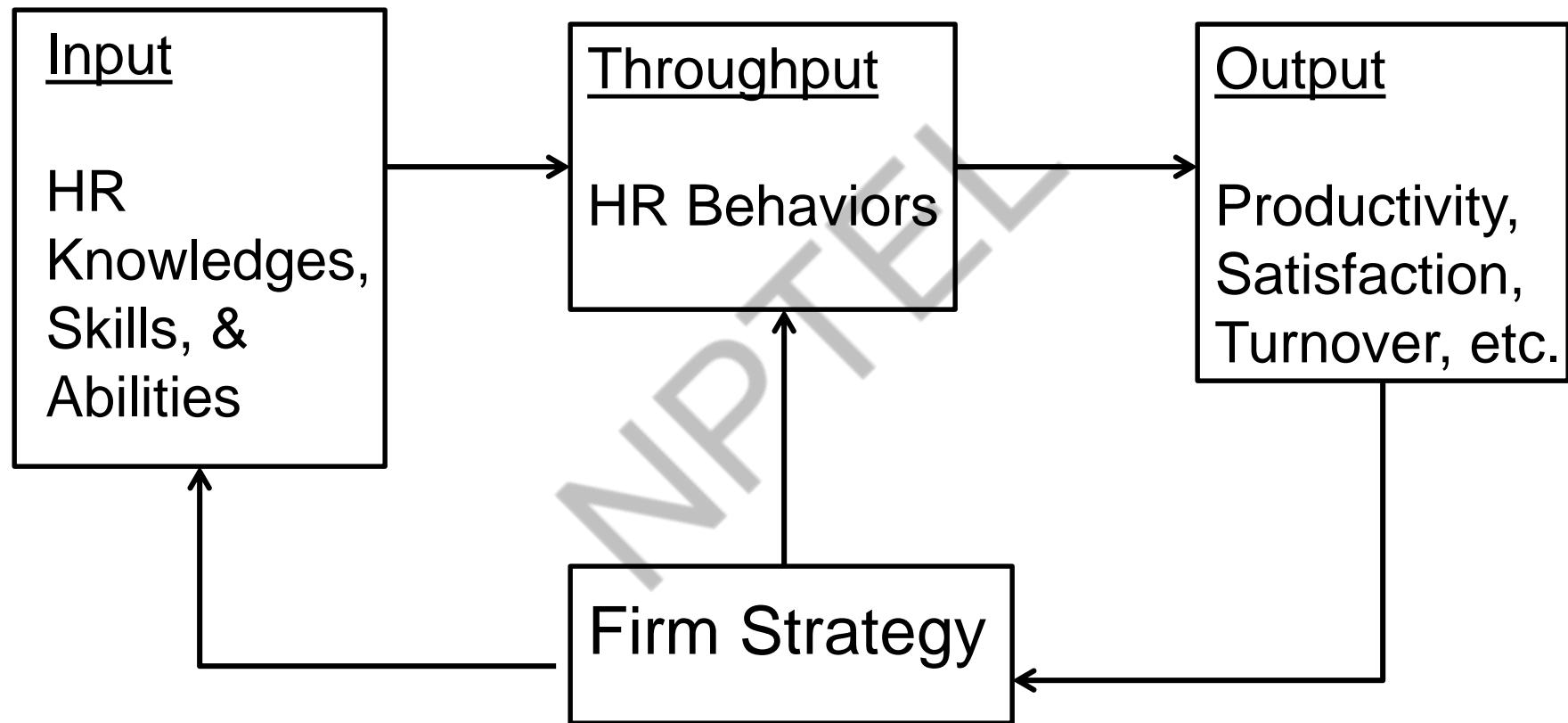
(Wright & McMahan, 1992)

## ■ *Cybernetic Systems:*

- “...organizations consist of the patterned activities of individuals aimed at some common output or outcome. These activities can be characterized as consisting of the energetic input into the system (i.e. inputs of people, money, technology, etc.), the transformation of energies within the system (i.e., putting the inputs to work together), and the resulting product or energetic output (i.e., the product that results from the patterned activities of the input and throughput phases.”
- “...negative feedback loop informs the system that it is not functioning effectively, thereby allowing for changes to reduce any discrepancies.”

# Cybernetic model of HR Systems

(Wright & McMahan, 1992)



# Cybernetic model (Contd).

(Wright & McMahan, 1992)

- Inputs: “Competencies of the individuals in the organization that the firm must import from its external environment.”
- Throughput: “Behaviors of those individuals in the organizational system.”
- Outputs: “Consist of both performance and affective outcomes.”

# Cybernetic model (Contd.).

(Wright & McMahan, 1992)

## ■ Responsibilities of SHRM:

- Competence management: “Those things that the organization does to ensure that the individuals in the organization have the skills required to execute a given organizational strategy.”
  - Competence acquisition: “Refers to the activities such as training & selection that seek to ensure that the individuals in the organization have the required competencies.”
  - Competence utilization deals with activities that seek to utilize latent skills or skills that had been deemed unnecessary under a previous strategy.”
  - Competence retention is a strategy aimed at retaining various competencies in the organization through reduction of turnover & constant training.”
  - “Competence displacement consists of activities aimed at eliminating competencies that are no longer necessary for the organizational strategy.”

# Responsibilities of SHRM (Contd.)

(Wright & McMahan, 1992)

- Behavior management: “Concerned with ensuring that once individuals with the required skills are in the organization, they act in ways that support the organizational strategy.”
  - Behavioral control: “Activities such as performance appraisal & pay systems that seek to control employee behavior to be in line with organizational goals.”
  - Behavioral coordination: “Appraisal and organizational development activities that seek to coordinate behavior across individuals to support the organizational strategy.”

# Strategic theories of HRM (Contd.)

(Wright & McMahan, 1992)

## ■ *Agency/ Transaction cost theory:*

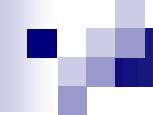
- “Transaction costs are the costs associated with negotiating, monitoring, evaluating and enforcing exchanges between parties, and they are incurred in order to make exchanges more efficient.”
- “Agency problem exists when one party requires services from another in a situation where uncertainty exists and both parties will behave self-interestedly.”
- “Agency costs are the costs associated with establishing efficient contracts between parties.”
- “The central premise of the transaction cost approach is that employees have strong incentives to shirk (reduce their performance) and free-ride (rely on the efforts of others in the group) and no incentive to increase their performance, unless task conditions allow employees to demonstrate their unique contributions and to benefit from those contributions.”



# Competitive strategy of a firm is dependent upon

(Lengnick-Hall & Lengnick-Hall, 1988)

- Economic conditions
- Industry structure
- Distinct competence
- Competitive Advantage
- Product/ Market scope



# Human resource strategy is dependent upon

(Lengnick-Hall & Lengnick-Hall, 1988)

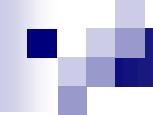
- Labor market
- Skills and values
- Economic conditions
- Culture

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# Non strategic models of HRM

(Wright & McMahan, 1992)

- “Determinants of HRM practices that are not the result of rational strategic decision making processes, but rather derive from institutional & political forces in the firm.”
- Resource dependence/ power models:
  - “Assumes that all organizations depend on a flow of valuable resources into the organization in order to continue functioning. The ability to exercise control over any of these valued resources provides an individual or group with an important source of power. To the extent that the valued resource is scarce, the power of the entity that controls that resource increases.”



# Non strategic models of HRM (Contd.)

(Wright & McMahan, 1992)

## ■ *Institutionalism or Institutional perspective:*

- “Many structures programs & practices in organizations attain legitimacy through the social construction of reality.”
- Premises:
  - “What many view as rationally derived organizational structures & practices may only appear to be so
  - Structures may serve some functional goal, although they had not been designed for that particular purpose.”

# Institutional perspective (Contd.)

(Wright & McMahan, 1992)

## ■ Ways of institutionalizing practices:

- Coercion
- “Practices can be authorized or legitimized through an organization voluntarily seeking approval of a superordinate entity, e.g. accreditation”
- “Practices can be induced through outside agents providing rewards to organizations that conform with the wishes of the agent.”
- “Practices can be acquired through one organization modeling its practices based on practices of other organizations as a means of appearing legitimate or up-to-date”
- “Imprinting: [...] the practices adopted at the beginning of the organization’s history remain embedded in the organization.”



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# Human Resource Management

## Strategic HRM (Contd.)

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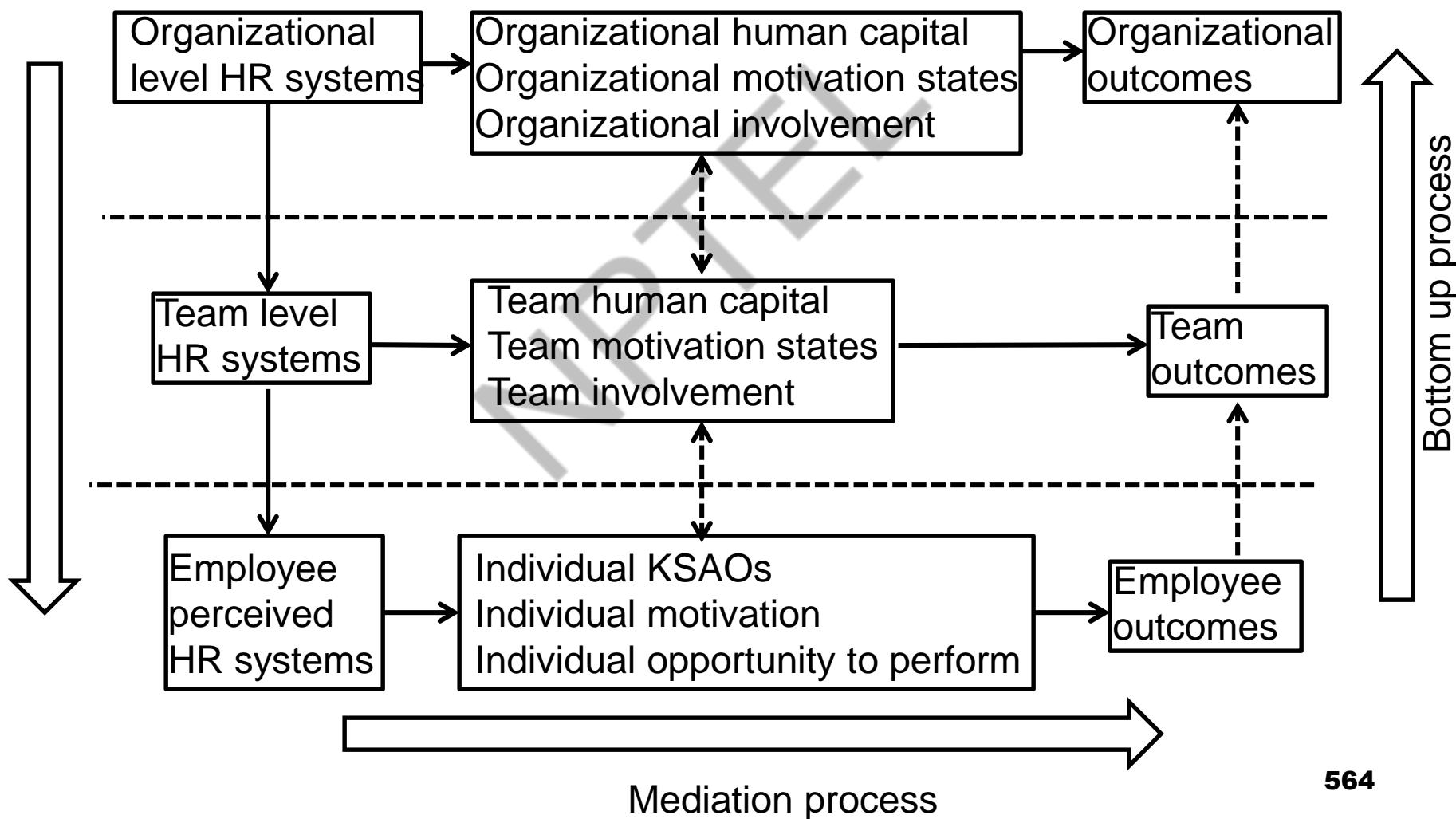
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- Swart, J., & Kinnie, N. (2014). Reconsidering boundaries: Human Resource Management in a networked world. *Human Resource Management*, 53(2), 291-310.

# Multilevel model of strategic HRM

(Jiang, Takeuchi & Lepak 2013)

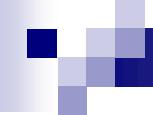


# Strategic HRM: Implications for the future

# Strategic HRM in a networked world

(Swart & kinnie, 2014)

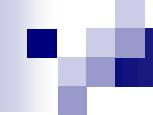
- Management of human capital and relational capabilities of the firm
- Focuses on “...development of skills that facilitate relationship building & specifically, team-based effectiveness”
- Defining characteristics:
  - Buffering model – Fluidity
  - Borrowing model – “Leveraging experience at the level of the network”
  - Balancing model – “Duality of membership & HRM practices, which result in network-level efficiency”  
566



# Challenges of networked organizations

(Swart & Kinnie, 2014)

- “Networked working [is] the co-creation of products and services that have economic value for stakeholders extending beyond the boundaries of a single organization.”
- “...need to consider how suppliers, partner, clients and customers influence the way in which people are managed.”



# Networked working (Contd.)

(Swart & Kinnie, 2014)

## ■ Individual perspective:

- “Identities of ‘employees’ in [the] liminal space (space between the connection employees have to their organizations and their clients) are formed through a dialogue between themselves & the parties with whom they interact.”
- Challenges:

- “Multiple time target demands from various stakeholders placed on the individuals which may create both synergies (creation of value for both) and conflicts.”
- Emotional pulls from both sides
- Sense of commitment

# Types of networks

(Swart & Kinnie, 2014)

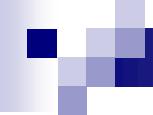
## ■ Interactive networking:

- “Organizations work with partners & suppliers to provide products & services to clients.”
- “Aim is to meet the needs of clients by actively engaging with network partners while ‘protecting’ firm-specific skills, often via strong commitment to the organization.”
- Characteristics: “Frequent interaction between various stake-holders at senior levels within each partner”
- Tensions:
  - “Establishment of internal employment practice equity”
  - “Management of boundary between its own HRM practices and network partners’ employment practices”
  - “Ambiguous power relationships & client demands”
  - Provision of most updated specialized knowledge vs. creation of new knowledge that can be sold through expensive experimentation – who absorbs the costs?

# Types of networks (Contd.)

(Swart & Kinnie, 2014)

- Interwoven networking: “Collaboration of several firms to produce a particular network level output.” e.g. film production, consulting, construction of a bridge/ apartment complex/ mall, etc.
  - Relational tensions include, “Agreement of outputs, collaboration, decision regarding the ‘best’ professional solution and the most cost-effective solution, organizational commitment, access to scarce resources, trust, keeping employment costs down, etc.”



# Types of networks (Contd.)

(Swart & Kinnie, 2014)

- “Aim [...] is concerned with improving the performance of the network [e.g.] sharing best practices”
- Tensions:
  - Knowledge sharing vs. loss of competitive advantage
  - Power struggles regarding ownership and decisions regarding direction of work.

# HRM Models in a networked context

(Swart & Kinnie, 2014)

- Models discuss “...how HRM practices are used to manage networked tensions identified earlier”
- Models:
  - Buffering the network
  - Borrowing from the network
  - Balancing the network

# Buffering the network: Human Capital Agility (Flexible resourcing model)

(Swart & Kinnie, 2014)

- “HRM practices exist at the level of the firm.”
- “Firms [...] retain flexibility to respond to changing network demands while anchoring knowledge and specialist skills within the organizational boundaries”
- “Achieved by linking HRM systems to organizational values, which illustrates awareness of the intensity of the opportunities to join a collaborator or a client in a cross-boundary setting”
- “Relationships are described as the most important criteria for staff allocation to teams”
- Focus on “...development of a broad range of skills”
- “Performance management & reward systems are linked with cultural and strategic objectives that strengthen commitment to the organization”

# Borrowing from the network: Leveraging complementarity (Swart & Kinnie, 2014)

- “HRM practices exist at the level of the firm with some practices, such as resourcing, emergent at the level of the network”
- “Focus on the development of complementary skills, which will benefit the network while leveraging the learning to benefit the individual & the firm.”
- Complex internal resourcing process due to continuous “tensions between pursuing a deep expertise approach which involves keeping project teams together over long periods, & providing employees with new opportunities for challenging work.”
- “Development is focused on deepening professional skills that enable future business winning.”
- “High degree of involvement [of employees] in networked activities.”
- Sustenance of network depends upon “relationship building & opportunities for involvement”

# Balancing the network: Multidimensional agility

(Swart & Kinnie, 2014)

- “Portfolio of HRM practices exists at the level of the network & within the firm”
- “Balance between strong social relationships & network level processes”
- Talent management – one of the primary goals in sharing of best practices
- “Performance management practices are generally established at the level of the network with efficiency targets set for each firm and performance measured weekly.”
- Result:
  - “Generation of flexible human capital, which can be effectively deployed across the network as well as within the individual firms.”
  - “Cost saving & [...] further networked ways of working”



*Thank You*

A large, stylized, purple cursive font "Thank You" is positioned in the center. Behind it, the words "THANK YOU" are written in a smaller, gray, sans-serif font, creating a layered effect.



# Human Resource Management

## Strategic HRM (Contd.)

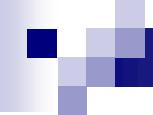
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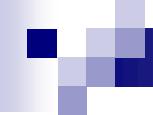
- Gerpott, F. H. (2015). The right strategy? Examining the business partner model's functionality for resolving Human Resource Management tensions and discussing alternative directions. *Zeitschrift für Personalforschung*, 29(3-4), 214-234.
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# Paradoxical tensions in HRM

(Gerpott, 2015)

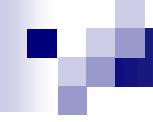
- “Paradoxes are defined as contradictory yet interrelated elements that exist simultaneously and persist over time”
- “Paradoxical tensions constitute the states & phenomena caused by the two opposing poles of paradoxes.”
- “HRM professionals are struggling with the tension between the high appreciation they feel they are eligible for because they manage employees as organizations’ most important competitive resource & the low status HRM professionals actually receive as administrative staff in companies.”



# Categories of paradoxical tensions in HRM

(Gerpott, 2015)

- *Tensions of identity*: Employee advocate vs. ‘Ward of managers’
- *Tensions of learning*: “When should HRM gain new knowledge?” – Stability vs. change
- *Tensions of organizing*: “How should HRM organize processes?” – Retention of processes vs. delegation
- *Tensions of performing*: “What are the primary goals of HRM?” Operational vs. strategic



# Coping strategies

(Poole & Van de Ven in Gerpott, 2015)

- “Spatial separation: Allocating the different poles of a tension across different organizational units”
- “Temporal separation: Choosing the poles of a paradox one after another in different time periods”
- “Synthesis: Reducing tensions verbally through abstraction or actively through the accommodation of the opposing poles”

# Sustainable HRM

(Ehnert 2009, in Kramar, 2014)

- “Sustainable HRM is the pattern of planned or emerging human resource strategies and practices intended to enable organizational goal achievement while simultaneously reproducing the HR base over a long-lasting calendar time and controlling for self induced side and feedback effects on the HR systems on the HR base and thus on the company itself.”
- “Sustainable HR assumes that an organization is an open system that needs to develop & regenerate its HRs at least as fast as it consumes them.”

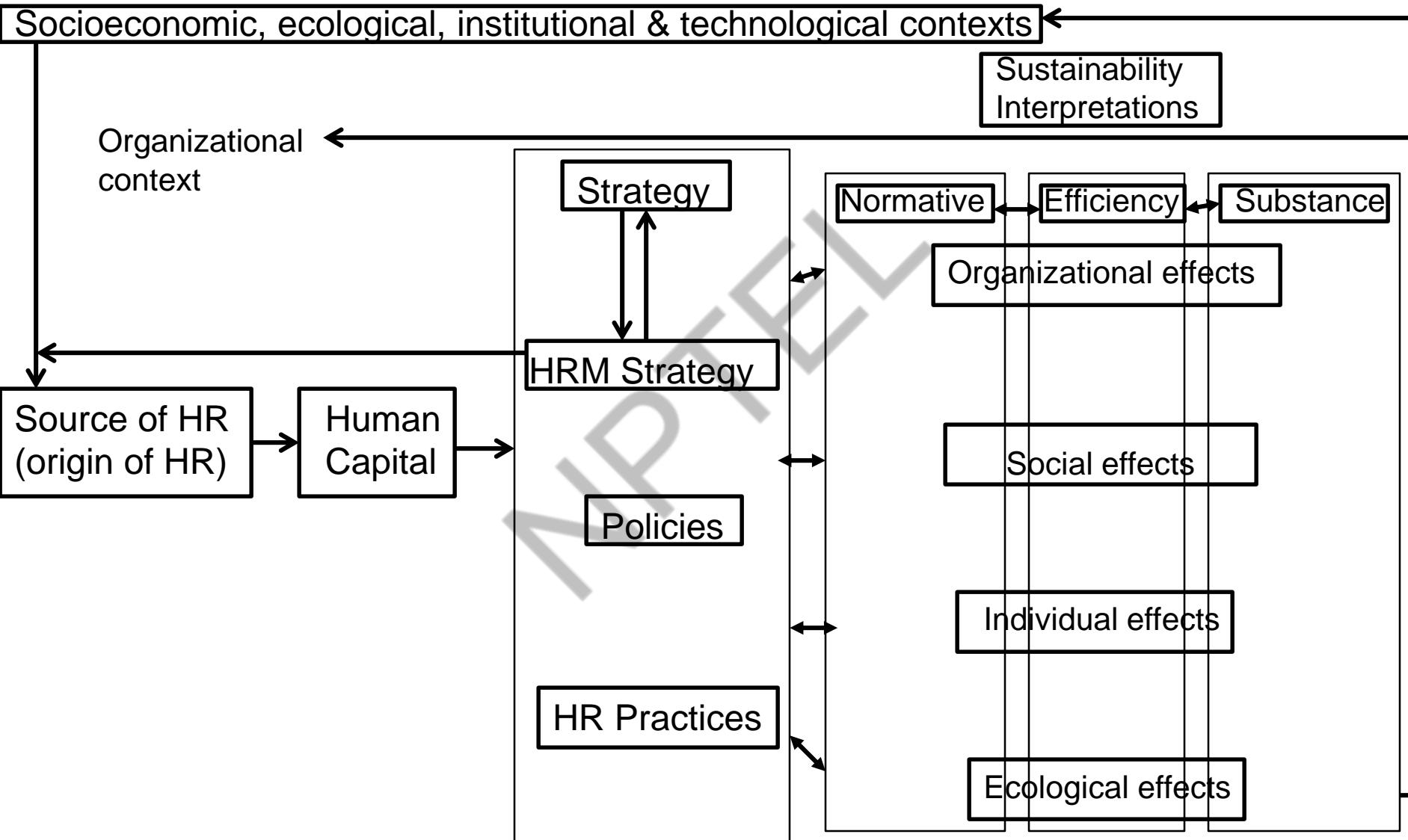
# Objectives of sustainable HRM

(Ehnert, 2006, in Kramar, 2014)

- “To balance the ambiguities & duality of efficiency & sustainability over a long-lasting calendar year
- To sustain, develop & reproduce an organization’s human & social resource base, e.g. help the mutual exchange relationships, &
- To evaluate & assess negative effects of HR activities on the HR base & on the sources for HR”

# Sustainable HRM Model

(Ehnert, 2009, in Kramar, 2014)



# Sustainable HRM Model (Ehnert, 2009, in Kramar, 2014)

## ■ Source of HR ('origin' of HR):

### Human Capital:

- HRM Strategy
- Policies
- Practices

Which influence and are influenced by:

- The organizational, social, individual and ecological effects of
- Normative, Efficiency and Substance interpretations of sustainability
- Overall strategy of a company

Within an organizational context

Within the overall socioeconomic, ecological, institutional and technological context of the environment.

Which in turn feeds into the source of human resources

# Sustainable HRM Model (Contd.)

(Ehnert, 2009, in Kramar, 2014)

- Normative interpretations of sustainability:
  - Organizational effects: Responsibility, ethics, care, good employment relationship, workplace quality
  - Social effects: Social legitimacy, accountability, trust (/worthiness), quality of life, good relations, etc.
  - Individual effects: Well being, quality of life, sense of identity
  - Ecological effects: Energy use, paper, location of work

# Sustainable HRM Model (Contd.)

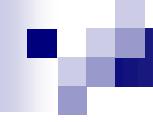
(Ehnert, 2009, in Kramar, 2014)

- Efficiency interpretations of sustainability:
  - Organizational effects: Sustained competitive advantage, innovativeness, productivity
  - Social effects: Human capital
  - Individual effects: Performance, satisfaction, motivation
  - Ecological effects: Reduce costs, travel for work

# Sustainable HRM Model (Contd.)

(Ehnert, 2009, in Kramar, 2014)

- Substance interpretations of sustainability:
  - Organizational effects: Durable supply with HR, long-term viability, problem solving ability, healthy workforce
  - Social effects: Viability of sources of HR (families, schools, universities, etc.), employee of choice recognition
  - Individual effects: Employability, lifelong learning, work-life balance, regeneration, health
  - Ecological effects: Green products & services, volunteer programs



# Factors influencing the formulation & implementation of HR policies

(Kramar, 2014)

- Appropriateness in the context of economic, social and ecological outcomes
- Relevance to current needs and future needs
- Support from the management
- Resources
- Perception regarding fairness
- Visibility and ease of understanding
- Perception of consistency among decision makers
- Employee support
- Clear and action oriented communication (including indication of desired behavior of employees)



*Thank You*

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# Human Resource Management

## HR Measurement & Accountability

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# Sources

- Hall, D. (2009). Managing performance. In S. Gilmore & S. Williams (Eds.). *Human Resource Management. (Indian Edition)*. New Delhi: Oxford, 139-167.
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# Results-based approach to HRM

(Phillip, 1999, in Srimannarayana, 2010)

- “Performance measurements should be developed for all HR functions. When that is not feasible, at least a few key measures should be in place in each function.
- Major organizational decisions should always involve input from the HR function.
- Return on investment in HR should be measured by improvements in productivity, cost savings, & quality.
- The concern for the method of evaluation should occur before the program is developed.
- HR programmes should never be implemented without a provision for at least some type of formal method of measurement & evaluation.
- The costs of all individual HR programmes should be continuously monitored
- The cost of absenteeism, turnover, & leave should be routinely calculated & monitored.
- Cost benefit comparisons of HR programs should be conducted frequently
- In an economic downturn, the HR function should go untouched in staff reductions or possibly beefed up.
- The cost of employee benefits should be routinely monitored & compared to national data, industry norms & localized data.”

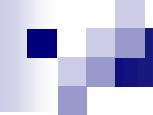
# Results-based approach to HRM (Contd.)

(Phillip, 1999, in Srimannarayana, 2010)

- “The CEO should frequently interface with the executive responsible for human resources
- The top HR executive should report directly to the CEO
- Line management involvement in the implementation of HR programs should be significant
- The entire HR staff should have some responsibility for measurement & evaluation
- HRD efforts should consist of a variety of education & training programs implemented to increase the effectiveness of the organization
- When an employee completes an HR program, his or her supervisor should require the use of the program material & reward the employee for meeting or exceeding program objectives
- Pay for performance programs should be considered for most employees, both line & staff
- Productivity improvement, cost reduction, or quality work life programs should be implemented in many locations & should achieve positive results
- The results of HR programs should be routinely communicated to a variety of selected target audiences
- The impact of the HR function on the bottom-line contribution can be estimated with little additional cost.”

# Scorecard

- A formal method of quantifying the construct that is being assessed on a pre-determined set of parameters.
- “A printed program or card enabling a spectator to identify players & record the progress of a game or competition” (American Heritage Dictionary, in Phillips, 2005)
- A small card used to record one’s own performance in sports such as golf” (American Heritage Dictionary, in Phillips, 2005)



# Why use human capital scorecards

(Walsh, 2002, in Phillips, 2005)

- “Measure human capital in a recognized way
- Track changes in the value of human capital
- Specify how to increase human capital
- Form the basis of performance management/ reward systems
- Justify investment in human capital”

# Criteria for developing effective measures of human output

(Kerr, 1995 & Mayo, 2003, in Phillips, 2005)

Criterion	<b>Definition: The extent to which a measure...</b>
Important	Connects to strategically important business objectives rather than to what is easy to measure
Complete	Adequately tracks the entire phenomenon rather than only a part of the phenomenon
Timely	Tracks at the right time rather than being held to an arbitrary date
Visible	Is visible, public, openly known, & tracked by those affected by it rather than collected privately for management's eyes only
Controllable	Tracks outcomes created by those affected by it, who have a clear line of sight from the measure to the results
Cost-effective	Is efficient to track by using existing data or data easy to monitor rather than requiring a new layer of procedures
Interpretable	Creates data that are easy to make sense of & translate to employee actions
Simplicity	Simple to understand from each stakeholder's perspective
Specific	Is clearly defined so people quickly understand & relate to the measure
Collectable	Can be collected in a way where the effort required is proportionate to the resulting usefulness of the measure
Team-based	Will have value with a team of individuals & not just an individual judgment
Credible	Provides information that is valid & credible in the eyes of the management

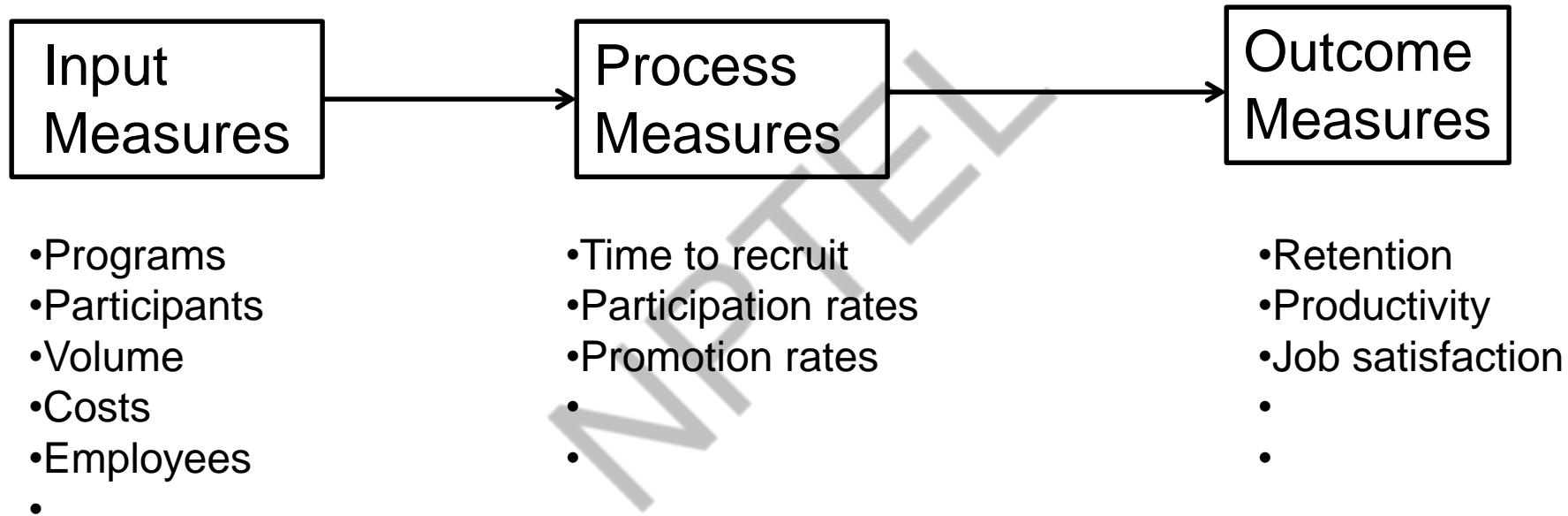
# Workforce measures scorecard

(Corporate Leadership Council, 2004, in Phillips, 2005)

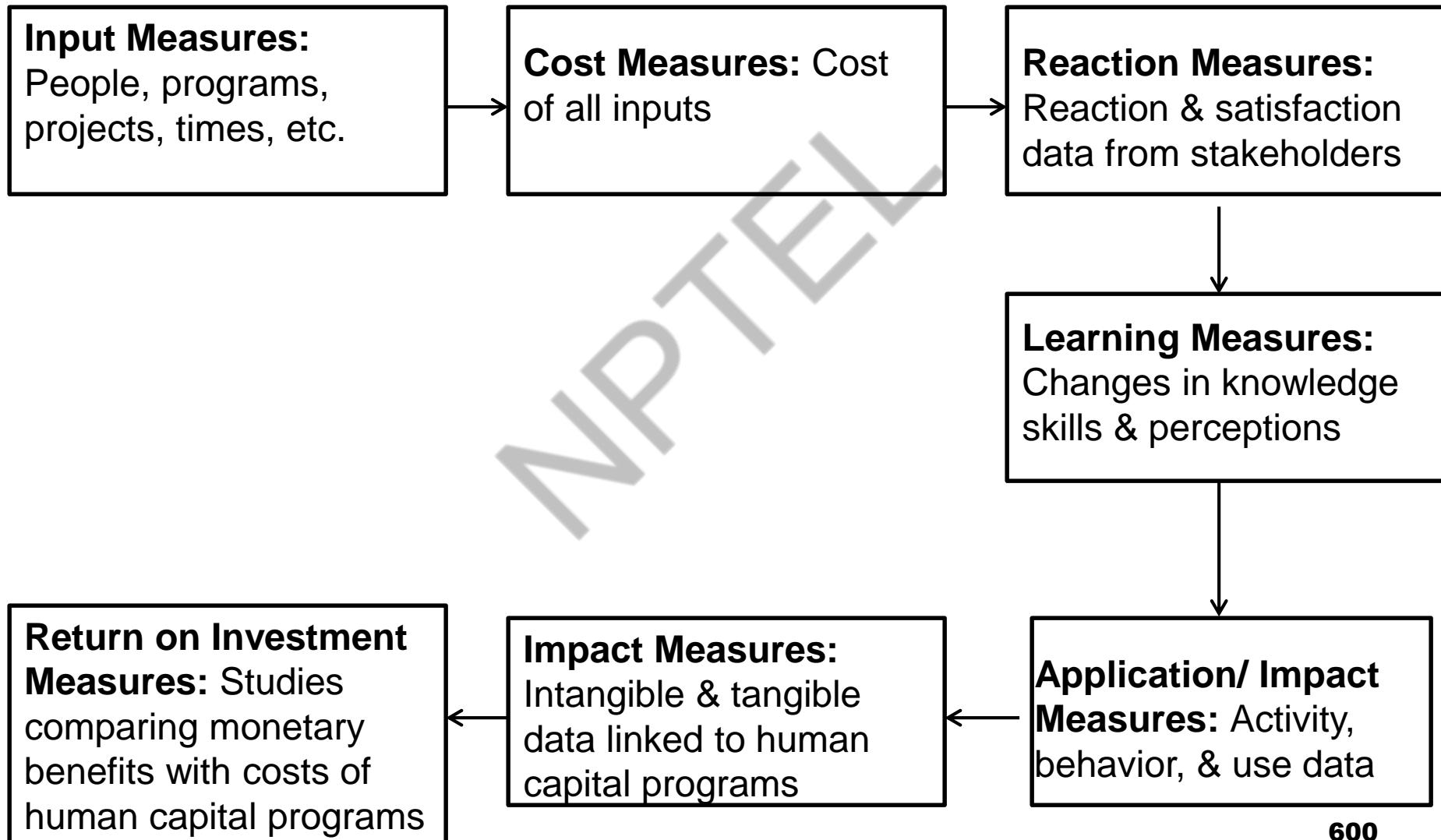
Category	Description
Demographic profile	Describes & compares organizational segments on a range of demographic & personal attributes, e.g. age, employment status, occupational group, tenure, gender & ethnic diversity
Productivity	Combines a range of 'input' & 'output/ outcome' measures that can be examined together to gauge organizational effectiveness
Availability	Measures & compares availability & absence patterns of employee segments
Mobility	Monitors & compares flow of the workforce into, within & out of the organization
Performance & development	Quantifies current & emerging skills profile of the organization & the resources devoted to organizational development
Compensation & benefits	Monitors & compares the compensation & benefits made available to reward & retain employees
Workforce relations	Measures labor relations effectiveness & costs

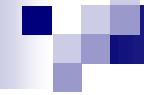
# Basic Input Process Output (IPO) Scorecard

(Phillips, 2005)



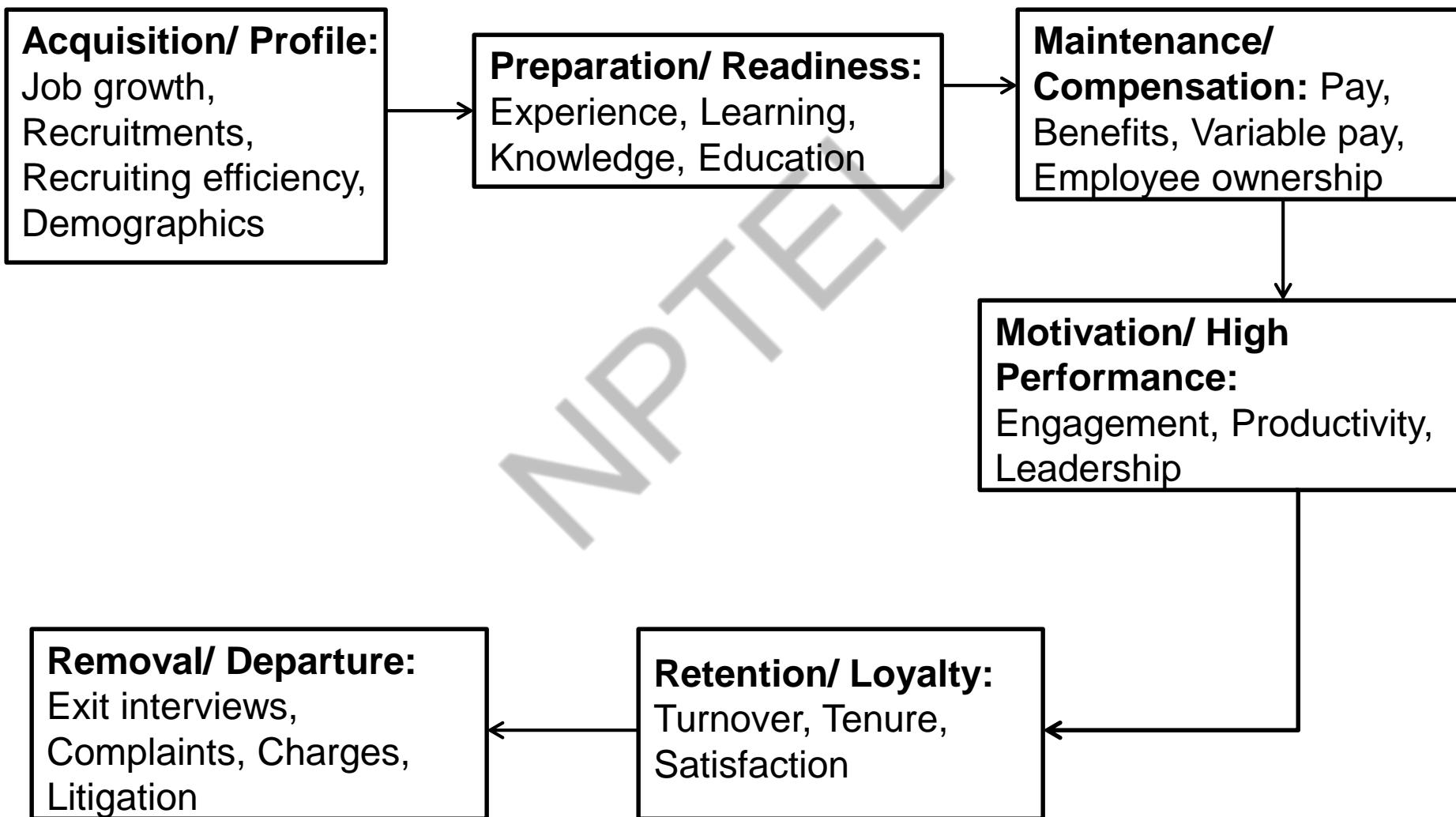
# Causal Chain Scorecard (Phillips, 2005)

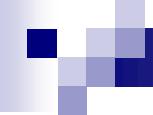




# The HR Process Scorecard

(Phillips, 2005)





# Kaplan & Norton Balanced Scorecard

(Phillips, 2005)

## Employee Learning & Growth

- No. of programs
- Hours of training

## Internal Processes

- Participation rates
- Completion rate
- Process times

## Customer

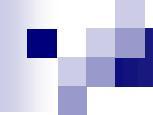
- Stakeholder satisfaction
- Reaction
- Perceived value

## Financial

- Costs of human capital
- Costs of program
- Costs of processes
- ROI

# Best Practice Scorecard: Common Human Capital Measures (Phillips, 2005)

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>1. Innovation &amp; creativity</li><li>2. Employee attitudes:<ul style="list-style-type: none"><li>a. Employee satisfaction</li><li>b. Organizational commitment</li><li>c. Employee engagement</li></ul></li><li>3. Workforce stability:<ul style="list-style-type: none"><li>a. Turnover &amp; termination</li><li>b. Tenure &amp; longevity</li></ul></li><li>4. Employee capability:<ul style="list-style-type: none"><li>a. Experience</li><li>b. Learning</li><li>c. Knowledge</li><li>d. Competencies</li><li>e. Educational level</li></ul></li><li>5. Human capital investment:<ul style="list-style-type: none"><li>a. HR department</li><li>b. Total HC investment</li><li>c. Investment by category</li></ul></li><li>6. Leadership:<ul style="list-style-type: none"><li>a. 360 deg feedback</li><li>b. Leadership inventories</li><li>c. Leadership perception</li></ul></li></ul> | <ul style="list-style-type: none"><li>7. Productivity:<ul style="list-style-type: none"><li>a. Unit productivity</li><li>b. Gross productivity</li></ul></li><li>8. Workforce profile: Profile</li><li>9. Job creation &amp; acquisition:<ul style="list-style-type: none"><li>a. Job growth</li><li>b. Recruitment sourcing &amp; effectiveness</li><li>c. Recruiting efficiency</li></ul></li><li>10. Compensation &amp; benefits:<ul style="list-style-type: none"><li>a. Compensation</li><li>b. Employee benefits</li><li>c. Variable compensation</li><li>d. Employee ownership</li></ul></li><li>11. Compliance &amp; safety:<ul style="list-style-type: none"><li>a. Complaints &amp; grievances</li><li>b. Charges &amp; litigation</li><li>c. Health &amp; safety</li></ul></li><li>12. Employee relations:<ul style="list-style-type: none"><li>a. Absenteeism &amp; tardiness</li><li>b. Work/ life balance</li></ul></li></ul> |
|--|---|



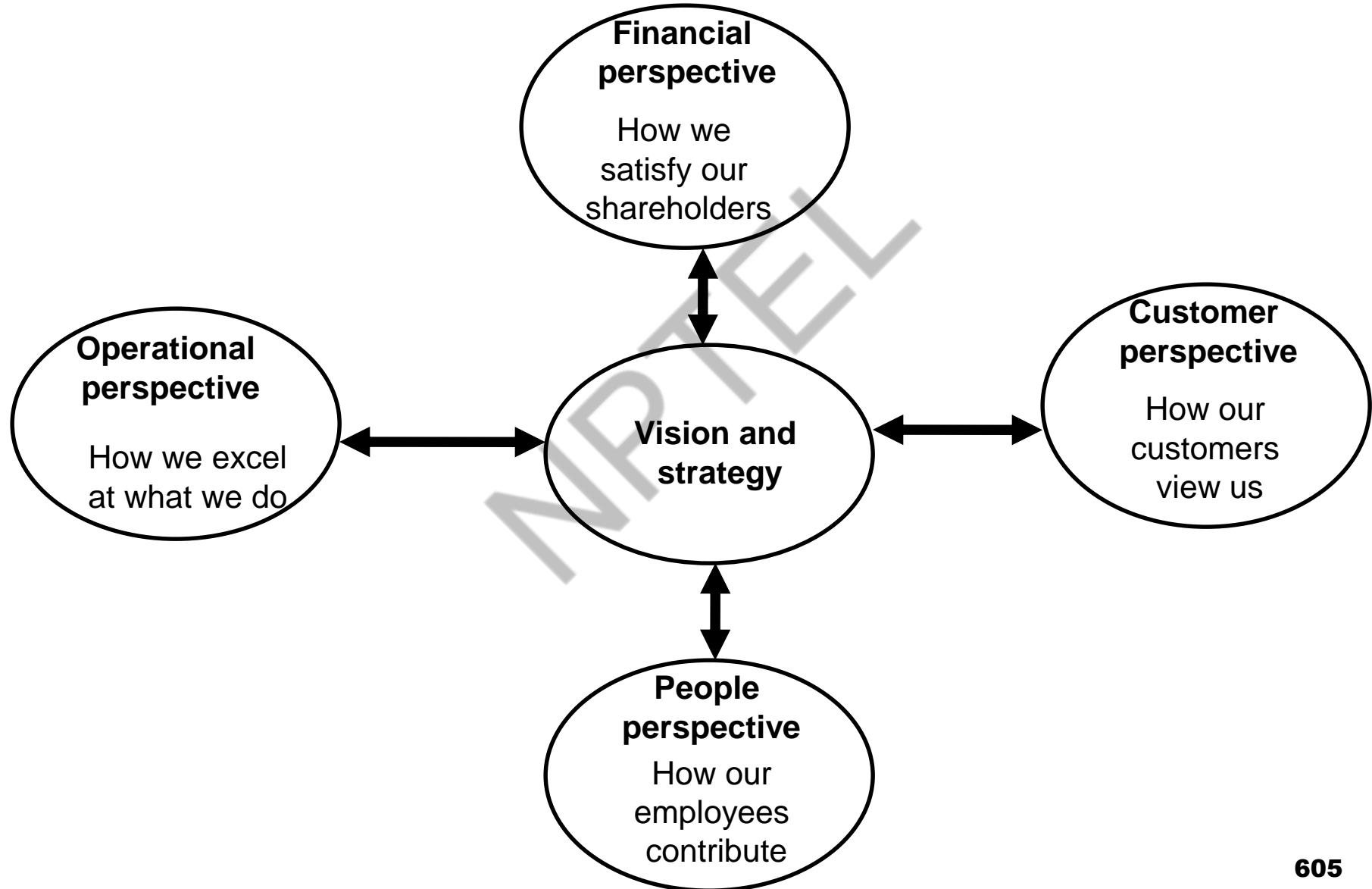
# Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

- Kaplan and Norton (1996): Performance measurement system to Performance management system
- Perspectives to managing performance:
  - Customer: Customer value proposition
  - Business processes (operational): The internal processes & systems
  - Innovation & learning (people): The human contribution through knowledge & skills
- Goals: Strategic goals at the top level of an organization and then ‘translated’ into appropriate goals at lower levels such as business units, teams, & individuals
- Process of translating and ‘cascading’ strategic aims into goals at every level throughout an organization guides and encourages people to contribute towards the overall performance of the organization
- Strategic mapping: Definition of strategic aims and relation of these aims to organizational activities to serve as a basis for specifying goals within the different performance perspectives

# Balanced Scorecard

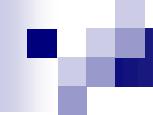
(Hall, in Gilmore & Williams, 2009)



# Example of a Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

<b>Goal (Broad objective)</b>	<b>Measure or 'metric'</b>	<b>Objective/ target</b>	<b>Development actions</b>
Achieve 'excellent' customer satisfaction	% of customers lost over 12 months	Less than 10% loss of customers in 6 months time	Develop 'lost customers' report
	% of customers completed a CS survey in past 6 months	More than 80% of customers complete a CS survey this year	Use customer feedback to improve CS survey
	Level of CS	More than 75% of customers to rate our service as 'excellent'	Develop employee competencies in CS
	Quartile for CS compared to sector	Upper quartile in industry sector by end of financial year	Develop benchmarking within sector



# Criticisms of Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

- Issues related to its interpretation and implementation
- Issues related to time/ level of implementation
  - Individual
  - Reporting tool
- Distraction from business activities
- Lack of ownership and accountability
- Difficult to establish ‘cause & effect’

# Using the scorecard

(Phillips, 2005)

- Select the measures & ensure that all stakeholders agree
- Set the target from minimum acceptable levels to ideal levels of performance
- Monitor the data
- Conduct a gap analysis regarding the gap in a specific measure
- Identify/ select action/ solution
- Implement action/ solution
- Forecast the value
- Monitor the progress
- Show the value by calculating the impact of the solution to close the gap.
- Repeat the process

# Useful Links

- Balanced Scorecard Institute:  
[balancedscorecard.org](http://balancedscorecard.org)
- Kaplan & Norton 2007: Using the balanced scorecard as a strategic management system

*Thank You*

# Principles of HRM

## Discipline in organizations

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# Sources

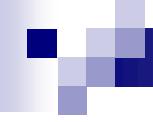
Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7<sup>th</sup> Ed.)*. New Delhi: PHI Ltd.

Williams, S. & Rumbles, S. (2009). Grievance, discipline & absence in organizations. In S. Gilmore & S. Williams (Eds.). *Human Resource Management (Indian Edition)*. New Delhi: Oxford. 259-281.

# Discipline

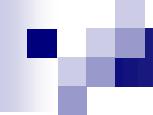
(Gomez-Mejia, Balkin & Cardy, 2012)

- “Tool that managers rely on to communicate to employees that they need to change a behavior”
- Forms:
  - Progressive discipline: “Series of management interventions that gives employees opportunities to correct their behavior before being discharged.” – primarily warning steps, e.g. Verbal warning – written warning – suspension – discharge
  - Positive discipline: “...encourages employees to monitor their own behaviors and assume responsibility for their actions.”. Four step process – Counselling session between employees and supervisors – follow up and formation of a new timetable & plan – final warning - discharge



# Why are disciplinary procedures necessary? (Williams & Rumbles, 2009)

- “...so employees know what is expected of them in terms of performance or conduct (and the likely consequences of continued failure to meet these standards)
- To identify obstacles to individuals achieving the required standards (e.g. training needs, lack of clarity of job requirements, additional support needed, etc.)
- As an opportunity to agree to suitable goals and timescales for improvement in an individual’s performance or conduct
- As a point of reference for an employment tribunal should someone make a complaint about the way they have been dismissed”



# Basic standards of discipline

(Gomez-Mejia, Balkin & Cardy, 2012)

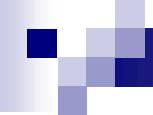
- Communication of rules & performance criteria
- Documentation of the facts
- Consistent response to rule violations

NPI

# The just cause standard of discipline

(Gomez-Mejia, Balkin & Cardy, 2012)

- “*Notification*: Was the employee forewarned of the disciplinary consequences of his or her conduct?”
- “*Reasonable rule*: Was the rule the employee violated reasonably related to safe & efficient operations?”
- *Investigation before the discipline*
- “*Fair investigation*: Was the investigation fair & impartial?”
- “*Proof of guilt*: Did the investigation provide substantial evidence or proof of guilt?”
- “*Absence of discrimination*: Were the rules, orders & penalties of the disciplinary action applied evenhandedly & without discrimination?”
- “*Reasonable penalty*: Was the disciplinary penalty reasonably related to the seriousness of the rule violation?”



# Administration of discipline

(Gomez-Mejia, Balkin & Cardy, 2012)

- Hot stove rule: “Model of disciplinary action: Discipline should be immediate, provide ample warning, & be consistently applied to all.

NPTE

# Mistakes to avoid when administering discipline

(Gomez-Mejia, Balkin & Cardy, 2012)

- Losing your temper
- Avoiding disciplinary action entirely
- Playing therapist
- Making excuses for an employee
- Using a nonprogressive approach to discipline
  - avoid immediate punishment

# Steps for effective disciplinary sessions

(Cottringer, 2003 & Day, 1993, in Gomez-Mejia, Balkin & Cardy, 2012)

- “Determine whether discipline is called for. Is the problem an isolated infraction or part of a pattern? Consult with HR experts & get some feedback before making a disciplinary decision.
- Outline clear goals for the discussion in your opening remarks. Do not rely on indirect communication or beat around the bush. The employee should gain a clear idea of your expectations for improvement.
- Ensure two-way communication. The most helpful disciplinary meeting is a discussion, not a lecture. The objective of the meeting, after all, is to devise a workable solution, not to berate the employee.
- Establish a follow-up plan. The agreement to a follow-up plan is crucial in both the progressive & positive disciplinary procedures. It is particularly important to establish the time frame in which the employee’s behavior is to improve.
- End on a positive note. You may want to emphasize the employee’s strengths so that he or she can leave the meeting believing that you – and the company – want the employee to succeed.”



# The content of disciplinary & grievance procedures

(Williams & Rumbles, 2009)

- “A statement of principles – something that among other things sets out the purposes for which it will be used & the nature of the approach to be taken”
- “Provisions for dealing with instances of minor misconduct informally”
- “A list of behaviors classified as misconduct that would lead to disciplinary procedure being invoked”
- “Provisions for how the alleged misconduct should be investigated, & also for a meeting at which the employee is presented with the case against her/ him & given a chance to present her/ his side of the story”
- “Disciplinary procedures provide for the appropriate sanctions to be applied should the case against the employee be upheld following the disciplinary meeting”
- “Provision for the right of an employee to appeal against the outcome of a disciplinary meeting, commonly to a senior manager who has had no previous involvement in the case”  
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# Principles of HRM

## Handling Difficult Employees

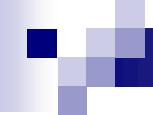
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# Sources

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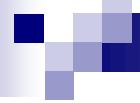


# Handling difficult employees

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Issues:

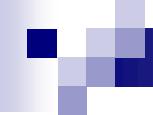
- Positive drug use tests
- Indiscipline detected during electronic monitoring
- Office romance
- Absence/ poor attendance
- Poor performance
- Insubordination
- Workplace bullying
- Alcohol related misconduct



# Positive drug use tests

(Gomez-Mejia, Balkin & Cardy, 2012)

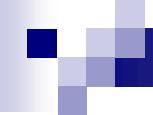
- Find out if the employee's behavior has been disruptive to her/ his own work or anyone else's work in the workplace
- Legitimacy of drug use, and false positives, e.g. pain medication or poppy seeds (khus khus)
- Treatment of positive drug use test – rehabilitation & counselling vs. discharge
- Security and confidentiality of test results



# Indiscipline detected during electronic monitoring

(Gomez-Mejia, Balkin & Cardy, 2012)

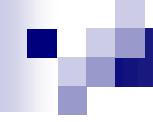
- Necessity of electronic monitoring
- Communication of electronic monitoring to employees
- Casual browsing of harmless websites and occasional personal emails vs. disruption of work due to habitual electronic loafing
- Confidentiality of information regarding detection of indiscipline



# Handling office romance

(Gomez-Mejia, Balkin & Cardy, 2012)

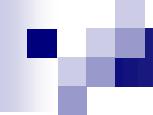
- Clarity of policies regarding office romance – allowed or not allowed, and allowed under which conditions (among peers, supervisor-subordinate, etc.)
- Impact of office romance on official work and output of employees involved
- Confidentiality regarding discovery of office romance



# Absence/ poor attendance

(Gomez-Mejia, Balkin & Cardy, 2012)

- Reasonability of the attendance rule: Allowance for emergencies and flexibility regarding diverse needs of a diverse workforce
- Warning regarding the consequences of poor attendance
- Giving the employee a chance to defend her/himself - Reasonable assessment of situation
- Confidentiality of meeting details



# Poor performance

(Gomez-Mejia, Balkin & Cardy, 2012)

- Reasonability of performance standards
- Provision of reasonable accommodation for exigencies
- Communication of the organization's performance standards to all employees
- Documentation of poor performance followed by counselling and remedial measures before punishment
- Confidentiality regarding need for corrective action and punishment

# Managing issues with telecommuting

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Select telecommuters with care, considering the work habits of the employee& the type of work involved.
- Maintain schedules & make sure telecommuters stick to deadlines.
- Make sure that the technology works.
- Have phone based workers come in to the office on a regular basis so they can attend meetings & interact with managers.
- Develop a well-planned telecommuters plan that includes performance expectations with measurable results.
- Don’t make telecommuting a term of employment.”  
630

# Insubordination

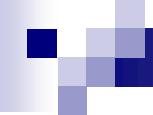
(Gomez-Mejia, Balkin & Cardy, 2012)

- “Insubordination [is] an employee’s refusal to obey a direct order from a supervisor, [and] is a direct challenge [to] the management’s right to run the company”
  - “... also occurs when an employee is verbally abusive to a supervisor”
  - Permissible only when:
    - Orders relate to an illegal activity
    - Orders put the employee in some kind of danger
- Onus lies on the employee to prove the reason for insubordination

# Managing insubordination

(Gomez-Mejia, Balkin & Cardy, 2012)

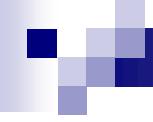
- Written vs. oral orders
- Proof of insubordination
- Seriousness of issue
- Reason for insubordination
- Confidentiality



# Workplace bullying

(Gomez-Mejia, Balkin & Cardy, 2012)

- “Workplace bullying [is] a form of harassment that results in employees experiencing mental distress, physical illness, loss of productivity, & a higher propensity to quit to avoid being in a toxic workplace.”
- “... consists of persistent, offensive, abusive, intimidating, malicious or insulting behavior, abuses of power or unfair penal sanctions, which makes the recipient feel upset, threatened, humiliated, or vulnerable, which makes the recipient feel upset, threatened, humiliated, or vulnerable, which undermines their self-confidence & which may cause them to suffer stress.”



# Types of workplace bullying

(Teller vision, 2015)

- False accusations
- Ignoring/ dismissing comments/ inputs
- “A different set of standards or policies [...] used for the worker”
- “Gossip spread about the worker”
- Constant criticism by the boss or coworkers
- Belittling comments made about the worker in public or in private
- Yelling at the subordinate
- Purposeful exclusion from projects or meetings
- Giving credit of targetted employee’s work to other workers or denying credit to targetted employee
- Personal comments

# Managing workplace bullying

(Teller Vision, 2015, Cook, 2014, HR Specialist, 2012)

- As detailed documentation as possible
- “Consider talking to the bully”
- “Always focus on the resolution” or a way forward
- “Devise & implement a workplace bullying & harassment policy”
- “Promote a culture where bullying & harassment are not tolerated”
- Be aware of the organizational factors that are associated with bullying & take steps to address them”
- “Follow procedures laid down in their organization’s bullying & harassment policy”
- “Be sensitive, objective & seek information”
- Know what is bullying and what is not
- Focus on the issue and not on the persons involved
- “Don’t single out an employee for discipline”
- “Don’t respond to employee mistakes with an accusing tone & loud voice”
- “Be cautious of jokes”
- “Keep reprimands private”
- “Don’t be hypersensitive”

# Specific strategies to manage workplace bullying (Security Director's Report, 2010)

- In response to the relational aggressor (bully):
  - “Act quickly”
  - “Notifications & sanctions: Inform the relational aggressor that the behavior is not acceptable, first verbally, then in writing”
  - Change job responsibilities primarily to avoid contact between aggressor & victim
  - Supervision: Monitor closely after informing employees about monitoring
  - “Training: Include relational aggression as part of awareness education of bullying behavior, including the consequence of these behaviors upon victims & their colleagues”
  - Performance review

# Specific strategies to manage workplace bullying (Contd.) (Security Director's Report, 2010)

## ■ For the victim:

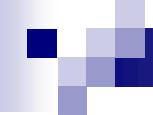
- “Relocation or reassignment” primarily to avoid contact with aggressor
- Mentoring
- Individual treatment and support
- Group treatment and support

# Specific strategies to manage workplace bullying (Contd.)

(Security Director's Report, 2010)

## ■ For the organization:

- *Hiring practices*: Review job candidates' applications carefully, including directly questioning potential applicants' references regarding any history of bullying & relationally aggressive behavior
- *Firing practices*: Willingness and ability to fire aggressive employees
- *Policies and procedures*: Development and implementation of anti-bullying policy that addresses identification of bullies and lays down procedures for dealing with them
- *“Reporting”*: Create a formal, nonjudgmental reporting procedure for victims to identify relational aggressors without fear or retaliation”
- *“Naming the problem”*: Employees should be given an opportunity to discuss workplace bullying in all forms & to identify the mechanisms that perpetuate the behavior”
- *“Education”*: Provide employees information to illuminate bullying and relational aggression within the workplace, including definitions & examples of bullying, its effects on bullies, victims & organizational culture, & strategies for addressing the problem”



# Alcohol related misconduct

(Gomez-Mejia, Balkin & Cardy, 2012)

- Chronic alcoholism vs. inebriated employees in the workplace vs. use of alcohol at work
- Severity of misconduct – disruption of work – self & others
- Public nuisance issues
- Counselling and remedial action leading to discharge
- Confidentiality



*Thank You*

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# Principles of HRM

Using HRM to Prevent the Need for Discipline

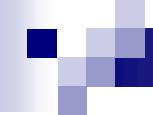
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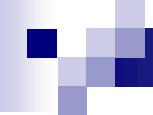
# Source

Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L.  
(2012). *Managing human resources (7<sup>th</sup> Ed.)*.  
New Delhi: PHI Ltd.



# Calming angry workers when you are the target (HR Specialist, 2012)

- “Abstain from interrupting
- Agree to the extent you can
- Acknowledge the problem
- Apologize to the extent that you can
- Act within your authority
- Assess the outcome”

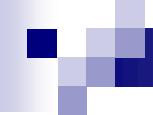


# Preventing the need for discipline with HRM

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Recruitment & selection:

- Person-job fit
- “Checking references & gathering background information on applicants’ work habits & character”
- “Multiple interviews that involve diverse groups in the company can reduce biases that lead to poor hiring decisions.”
- Personality tests administered over a period of a few days to assess their disposition and ability to work as expected

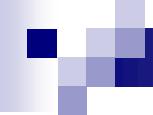


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## ■ Training & Development:

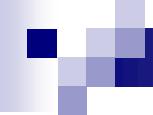
- Effective orientation program – “...communicates to new employees the values important to the organization”; orients them towards the expectations of the organization; and helps them “... manage their own behavior better”
- Reduction of skill gaps & improvement of competencies through initial training & periodic re-training programs
- “Training supervisors to coach & provide feedback to their subordinates encourages supervisors to intervene early in problem situations with counselling rather than discipline”
- Development of career ladders or clear and achievable career progression programs and provision of support for career progression



# Preventing the need for discipline with HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

- HR planning:
  - “Jobs should be designed to use the best talents of each employee”
  - Job banding: “...[replacement of] traditional narrowly defined job descriptions with broader categories, or bands, of related jobs.”
  - “Job descriptions & work plans should be developed to communicate effectively to employees the performance standards to which they will be held accountable”

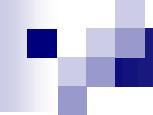


# Preventing the need for discipline with HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Performance appraisal:

- Reasonable standards of performance appraisal criteria
- Provision of continuous feedback to subordinates with interventions as often and as promptly as required
- Proper documentation of employee appraisals to “...protect employees against wrongful discharge or discrimination suits”
- Ability of performance appraisals to “...measure employee behaviors in addition to performance outcomes so that employees receive feedback on the methods they use to achieve their expected performance goals”



# Preventing the need for discipline with HRM (Contd.)

(Gomez-Mejia, Balkin & Cardy, 2012)

## ■ Compensation:

- Perception of pay policies as fair by all employees
- “An appeal mechanism that gives employees the right to challenge a pay decision”



*Thank You*

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